



**Agenda**  
*Governing Body & Executive Staff*  
March 4, 2013

- 8:00 a.m.    *Introduction, City Manager*  
*Budget calendar & set budget work meeting schedule*  
*Economic outlook*  
*General fund summary*  
*General expenditures – compensation and health plan*
- 9:15 a.m.    *Break*
- 9:30 a.m.    *General fund major revenues*  
*General fund – fund balance*  
*Revenue and expenditure considerations*
- 10:15 a.m.   *Break*
- 10:30 a.m.   *Capital equipment requests*  
*Capital Improvement Plan projects 2013/2014*  
*Revenue and expenditure projections to 2017*  
*Sewer District*
- 11:30 p.m.   *Lunch*
- 1:00 p.m.    *Annual report*  
*Brief department reports (Legal, Management*  
*Services, Finance, Police, Fire, Community*  
*Development, Public Works, Parks and Recreation)*
- 2:30 p.m.    *Break*
- 2:45 p.m.    *Other items and input from the Mayor and Council*
- 4:00 p.m.    *Adjourn*

# Fiscal 2013 – 2014 Budget Calendar

- Nov 29 Distribute Capital Improvement Project (CIP) request forms to Department Directors.
- Dec 4 Distribute operations budget packets and personnel request forms to Department Directors.
- Jan 7 New personnel requests, changes in hours, pay rates and additional positions for temporary/part-time/seasonal positions to Finance.
- Jan 7 Operations budget to Finance.
- Jan 22 CIP request forms to Finance.
- Feb 4 -Feb 15 City Manager reviews operations and CIP budget requests.
- Mar 4 Budget planning session, Mayor, City Council and Executive Staff.
- Mar 21 & 28 City Council budget work meetings for operations budgets.
- Apr 1-30 Finance prepares tentative budget document.
- May 2 City Council Meeting – Adopt tentative budget as required by State Code (10-6-111) in the first council meeting in May.

# Proposed Budget Work Meeting Dates

MARCH 2012						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

APRIL 2012						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	<del>8</del>	<del>9</del>	<del>10</del>	<del>11</del>	<del>12</del>	13
14	15	<del>16</del>	<del>17</del>	<del>18</del>	<del>19</del>	20
21	22	23	24	25	26	27
28	29	30				

# Economic Outlook FY13

When combined with continued cutting by state and local governments, the total fiscal drag in 2012 will total more than 2 percentage points.

Even a strong economy would have difficulty with this kind of headwind.

([Mark Zandi](#), November 2011)

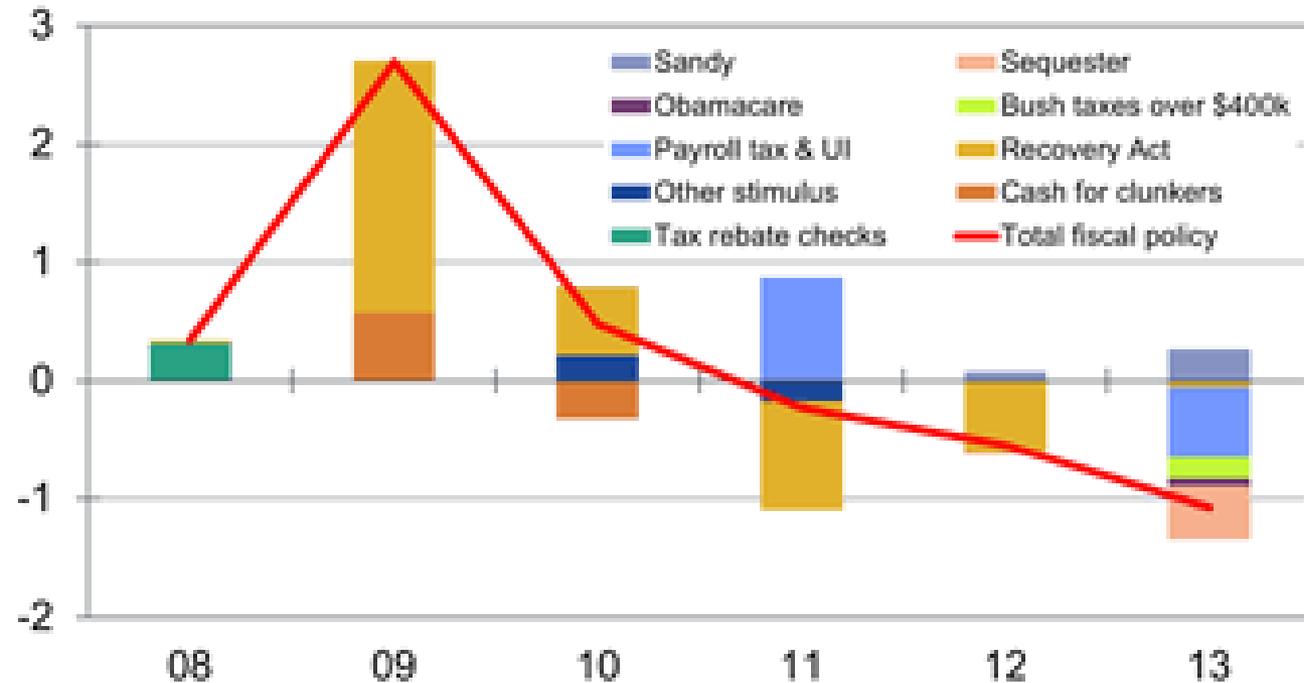
# Economic Outlook FY14

The next six months will determine the economy's prospects through the middle of this decade. The economy will grow slowly as it absorbs higher taxes and government spending cuts, and it will be vulnerable to anything that goes wrong. But if nothing major does, the U.S. is set to enjoy much stronger growth by this time next year as the fiscal drag fades and the improving health of the private economy shines through.

Mark Zandi, Chief Economist, Moody's Analytics, February 2013

## Fiscal Stimulus to Fiscal Drag

Federal discretionary fiscal policy contribution to real GDP growth, %



Source: Moody's Analytics

# General Fund Summary

## FY 2014



# General Fund Budget Projection 2013/2014

2/28/2013

## Revenue

General fund revenue estimate \$27,720,261

## Expenditures

Personnel - 2012/2013 budget, plus estimated increase for retirement rates	\$20,117,505
Personnel - wage & benefit merit increases	450,000
Personnel - salary survey adjustments	42,000
Personnel - FY14 requests	114,686
Operations - 2013/2014 estimate	4,383,573
Capital equipment replacements and purchases	586,695
Contingency	30,000
Transfer to swimming pool fund	475,000
Transfer to victim services fund	29,500
Debt service - UTOPIA operations	342,000
Debt service - UTOPIA debt service reserve	2,189,530
Total expenditures	<u>28,760,489</u>
Excess revenue over (under) expenditures	<u>(\$1,040,228)</u>

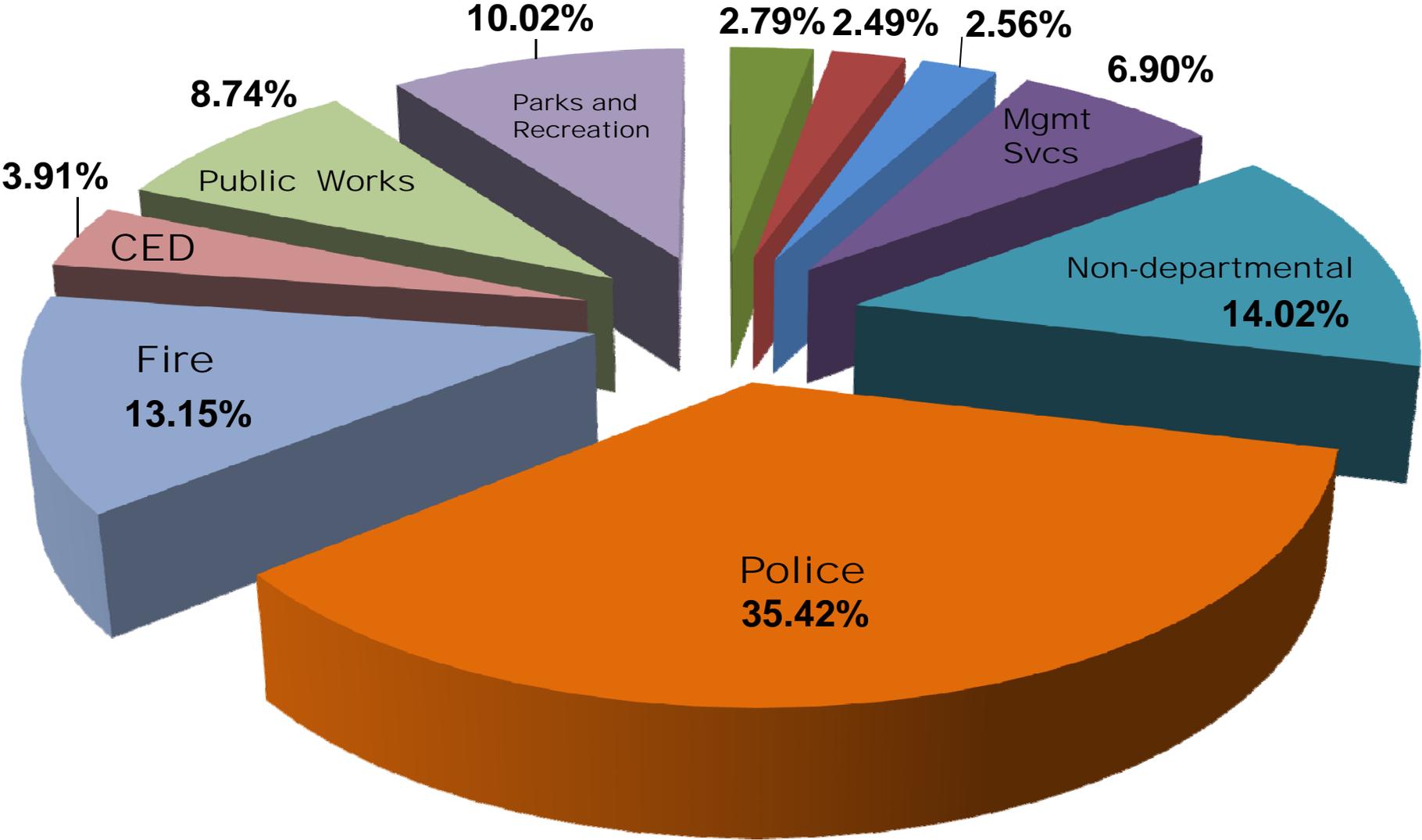
## Fund Balance Recap

Unassigned fund balance at June 30, 2012	\$5,348,811
Less appropriated fund balance in 2012/2013	(924,310)
Add estimated additional revenue for 2012-2013 (current year)	700,000
Add estimated savings from expenditure for 2012-2013 (current year)	<u>400,000</u>
Estimated unreserved fund balance at June 30, 2013	5,524,501
Add excess revenue or (deduct) excess expenditures for 2013 - 2014	(1,040,228)
Deduct transfer to CIP fund for capital projects: CIP projects with no other funding source	(383,500)
Estimated unreserved fund balance at June 30, 2014	<u>\$4,100,773</u>
Percentage of revenue estimate	<u>14.79%</u>
Fund balance maximum at 18%	\$4,989,647
Fund balance target at 5%	<u>\$1,386,013</u>

# General Expenditures

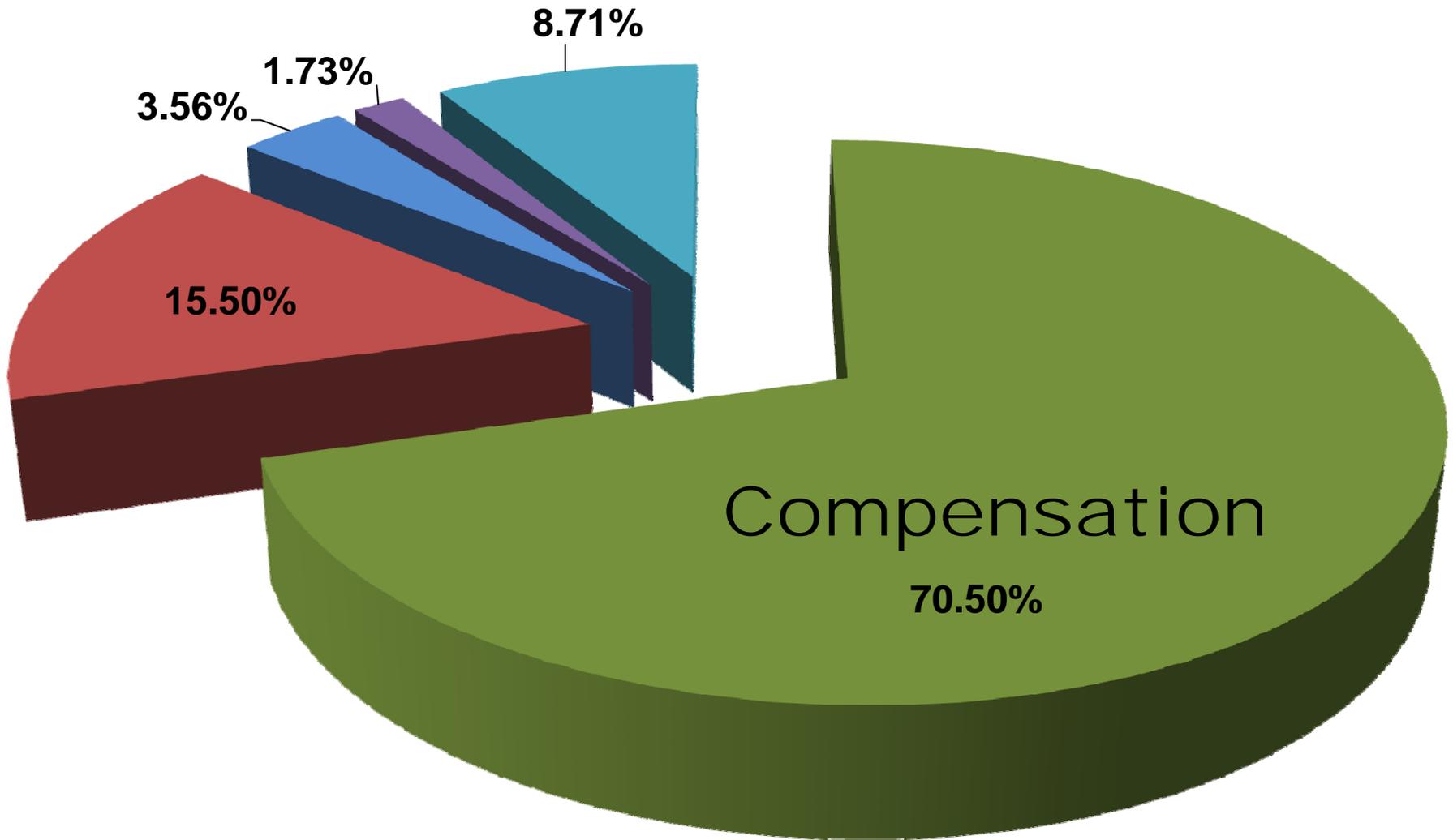


# General Expenditures



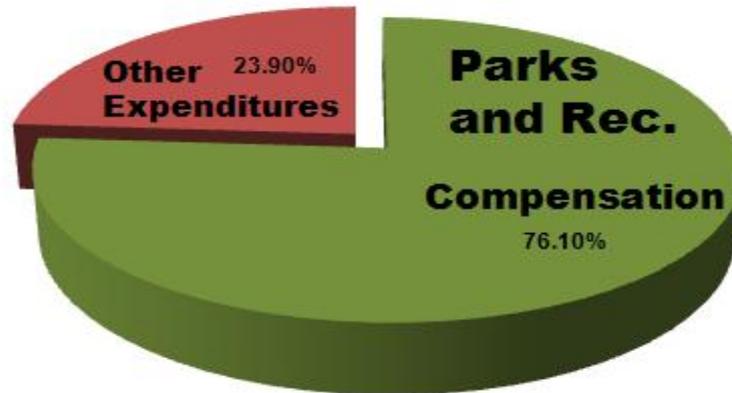
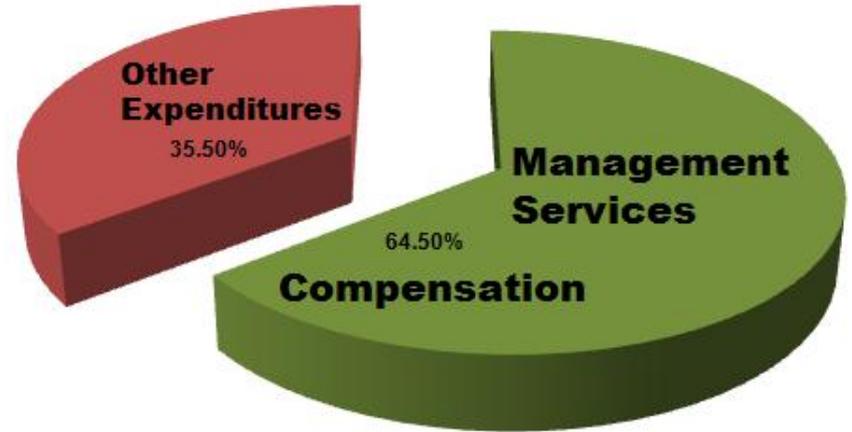
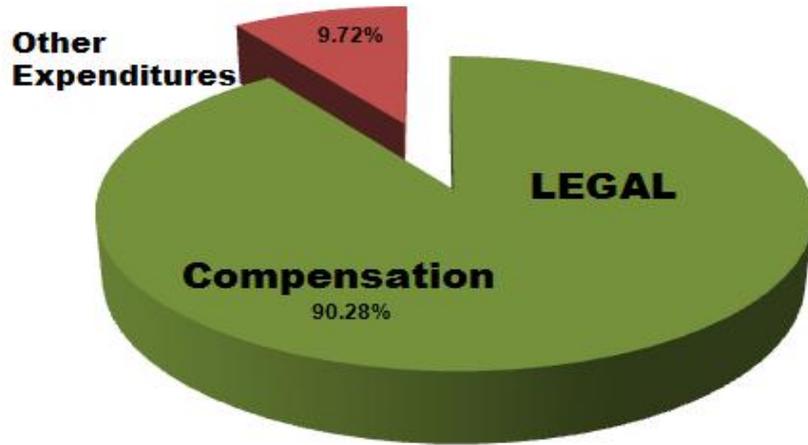
- Administration
- Finance
- Legal
- Management Services
- Non-Departmental
- Police
- Fire
- CED
- Public Works
- Parks and Rec

# General Expenditures

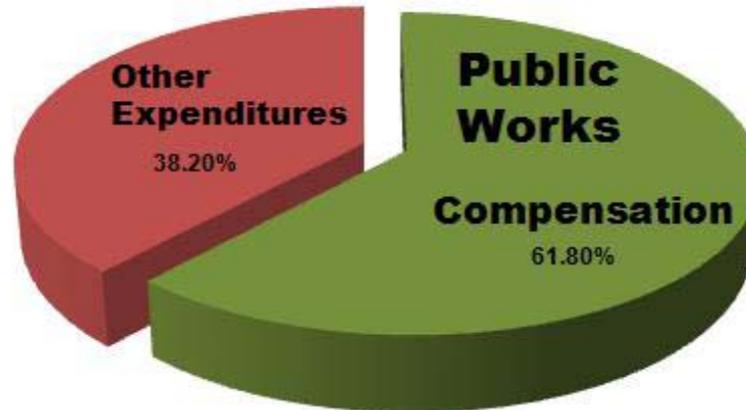
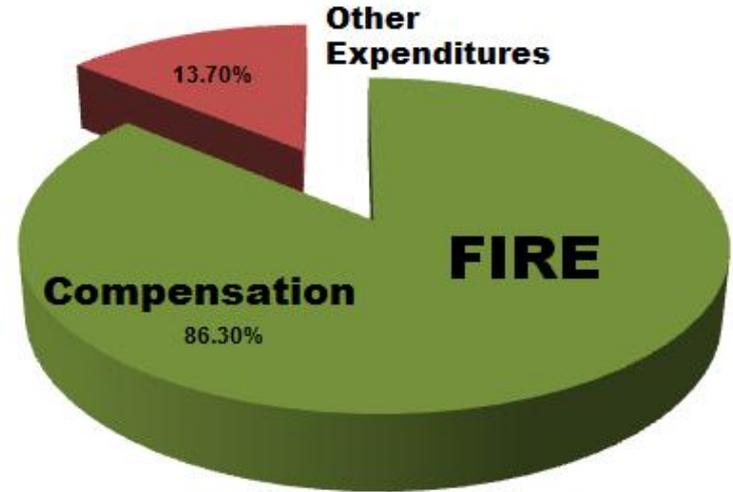
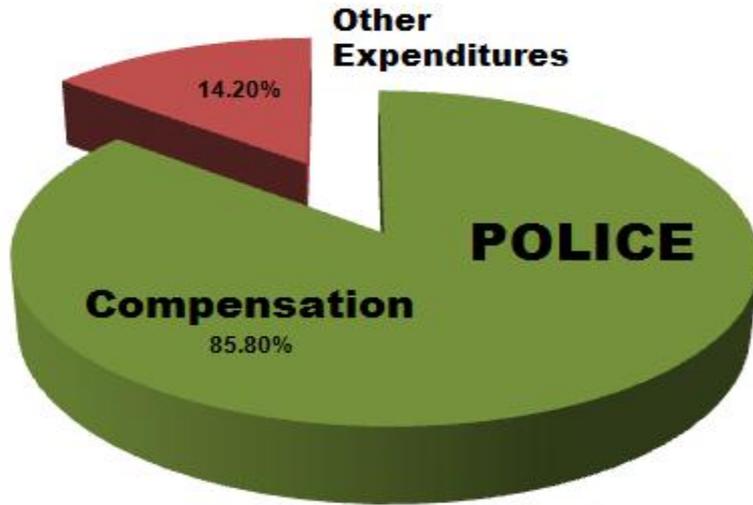


■ Compensation ■ Operations ■ Capital Equipment ■ Transfers ■ Debt Service

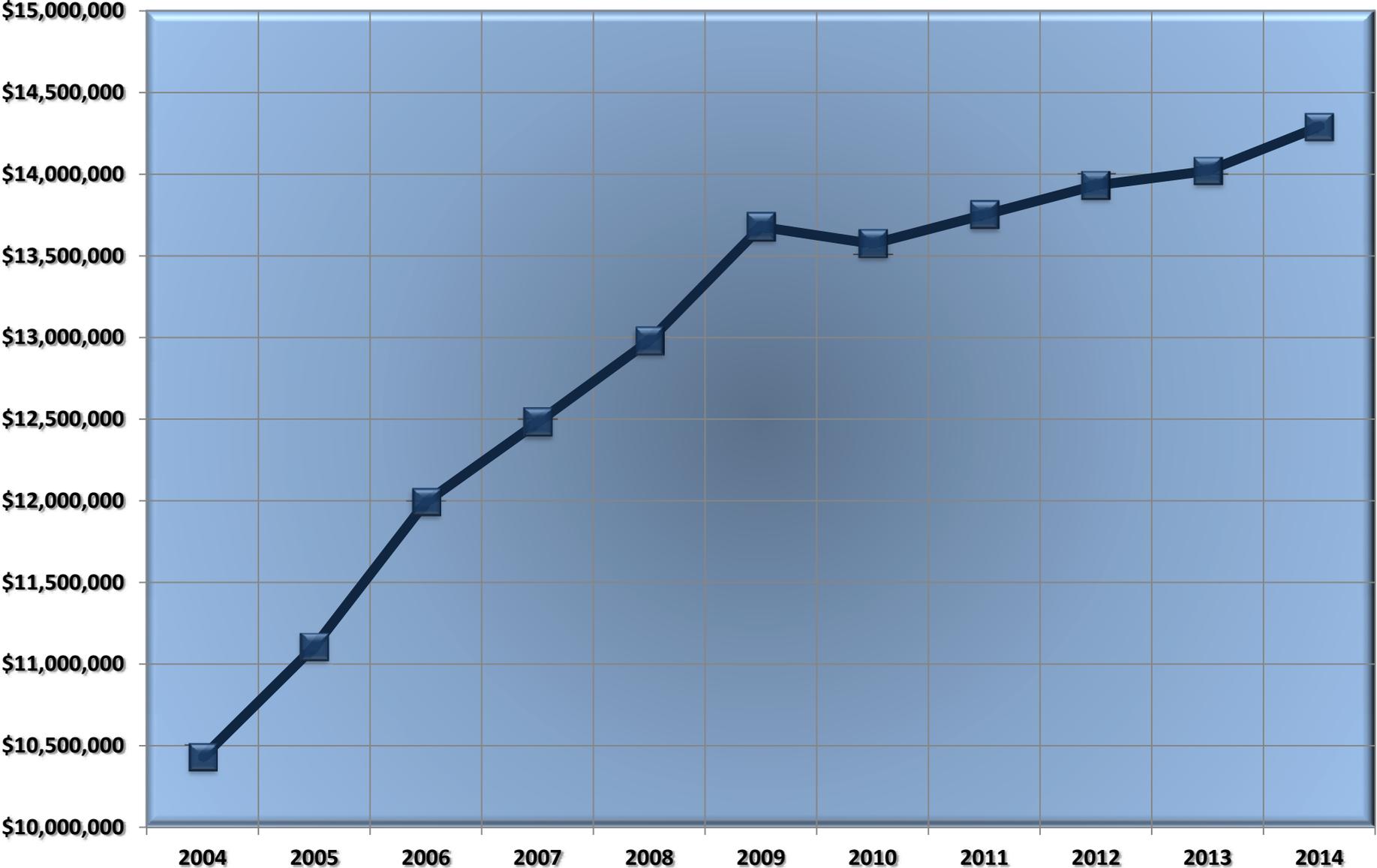
# General Expenditures by Department



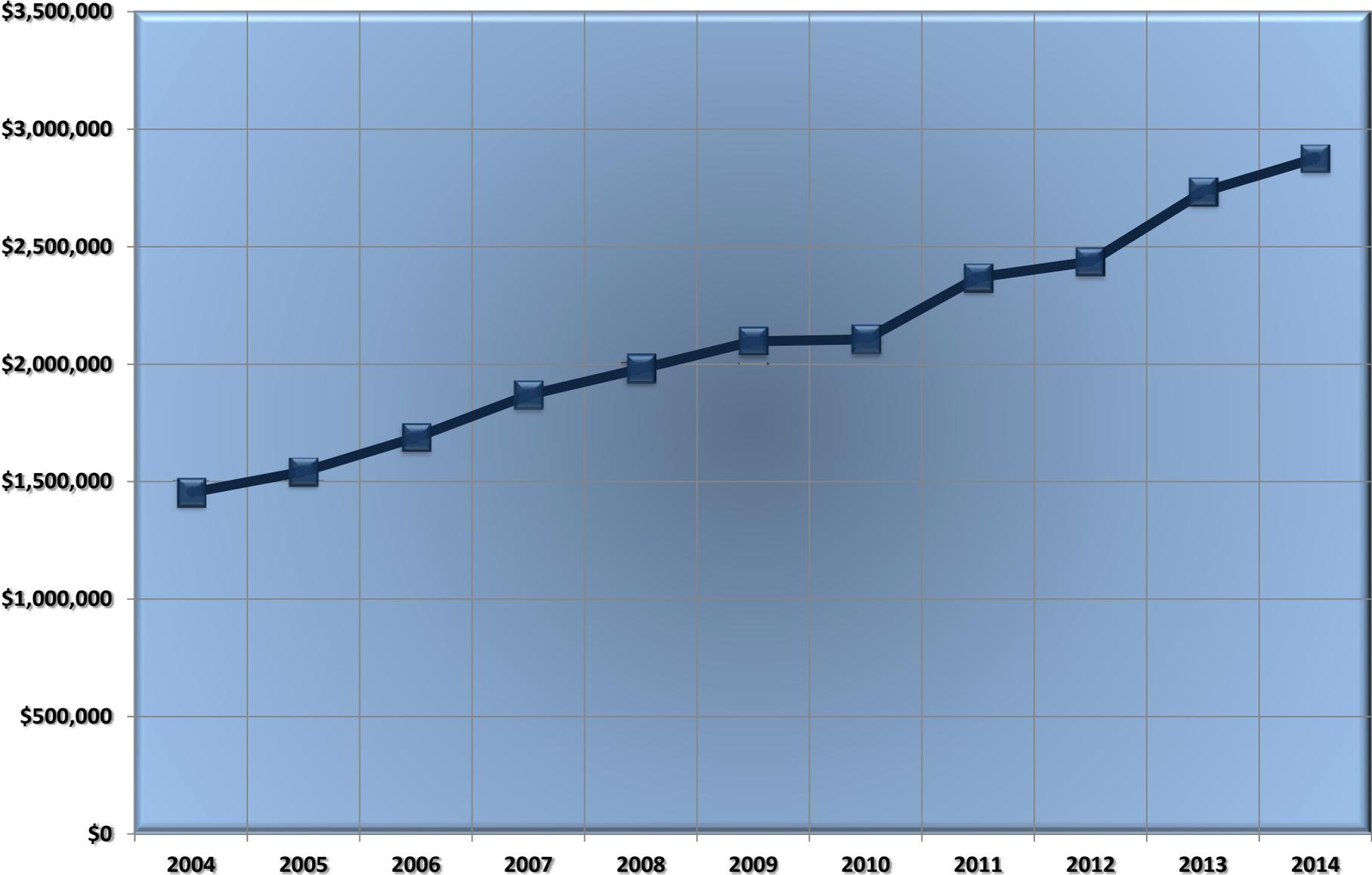
# General Expenditures by Department



# Wages FY04-FY14



# Retirement FY04-FY14



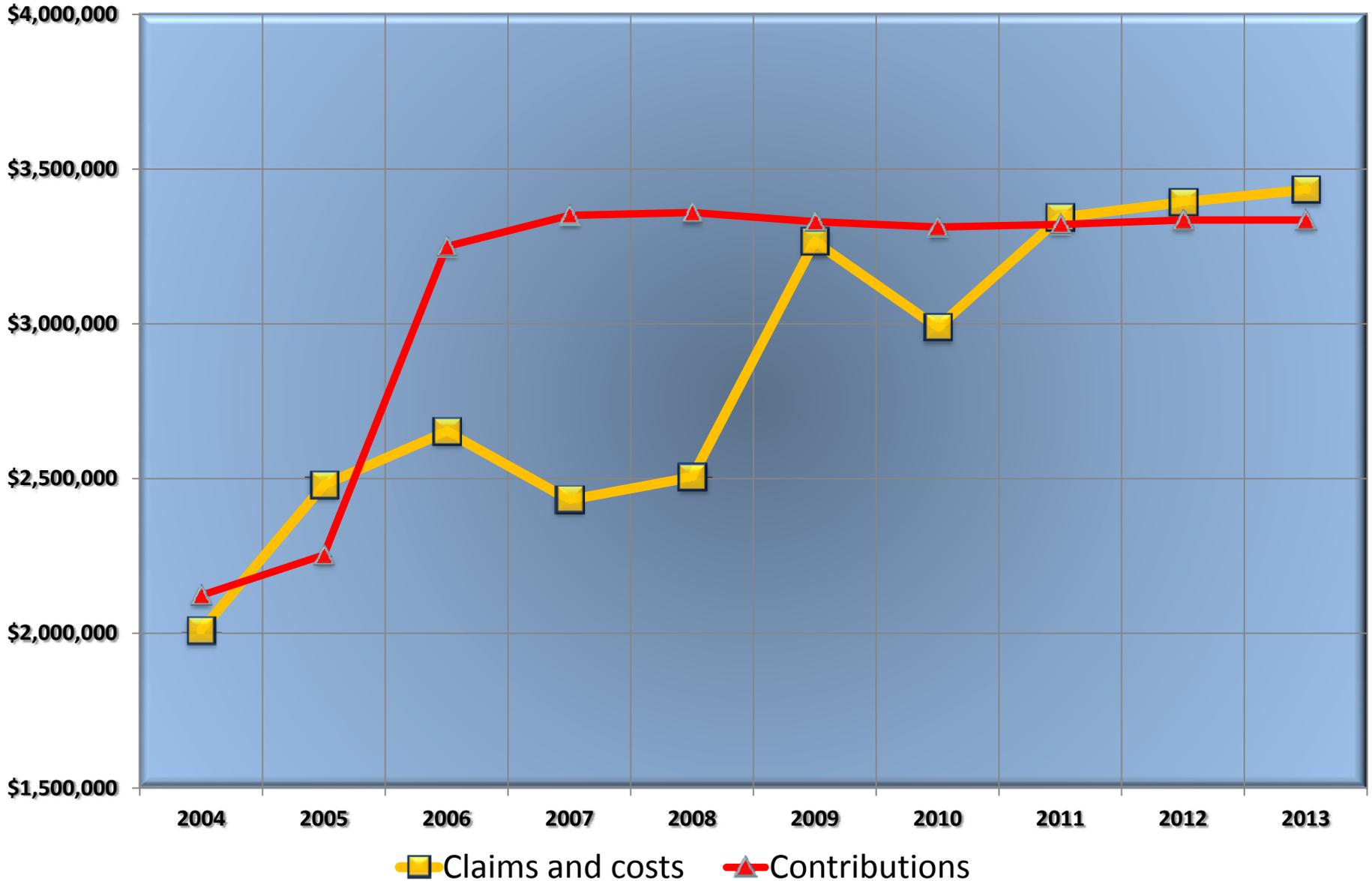
# Wage Increases

<b>Percent Increase</b>	<b>General Fund Expenditure</b>
<b>1.0%</b>	<b>\$174,477</b>
<b>1.5%</b>	<b>\$261,715</b>
<b>2.0%</b>	<b>\$348,951</b>
<b>2.5%</b>	<b>\$436,155</b>
<b>3.0%</b>	<b>\$523,359</b>
<b>3.5%</b>	<b>\$610,563</b>
<b>4.0%</b>	<b>\$697,766</b>
<b>4.5%</b>	<b>\$784,970</b>
<b>5.0%</b>	<b>\$872,174</b>

## Health Plan Reserve Analysis

	2008	2009	2010	2011	12 months	Claims Avg Projection 12 months
	Actual	Actual	Actual	Actual	12/31/12	12/31/2013
Contributions	\$3,359,782	\$3,330,299	\$3,313,082	\$3,321,425	\$3,335,704	\$3,335,704
Claims & other costs	2,504,740	3,265,516	2,988,828	3,343,887	3,393,379	3,433,379
Difference	855,042	64,783	324,254	(22,462)	(57,675)	(97,675)
Claims as a percent of contributions	74.55%	98.05%	90.21%	100.68%	101.73%	102.93%
Dividend payments	1,554,033		334,468	189,258		
Reserve balance	\$1,594,585	\$1,659,368	\$1,649,154	\$1,437,434	\$1,379,759	\$1,282,084
Reserve target	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Excess compared to target reserve	\$94,585	\$159,368	\$149,154	(\$62,566)	(\$120,241)	(\$217,916)
Actual reserve as a percentage of target	106.31%	110.62%	109.94%	95.83%	91.98%	85.47%
Actual balance as of December 31, 2012					<b>\$1,379,759</b>	

# Health Insurance 2004-2013



# Health Plan Contribution Increase

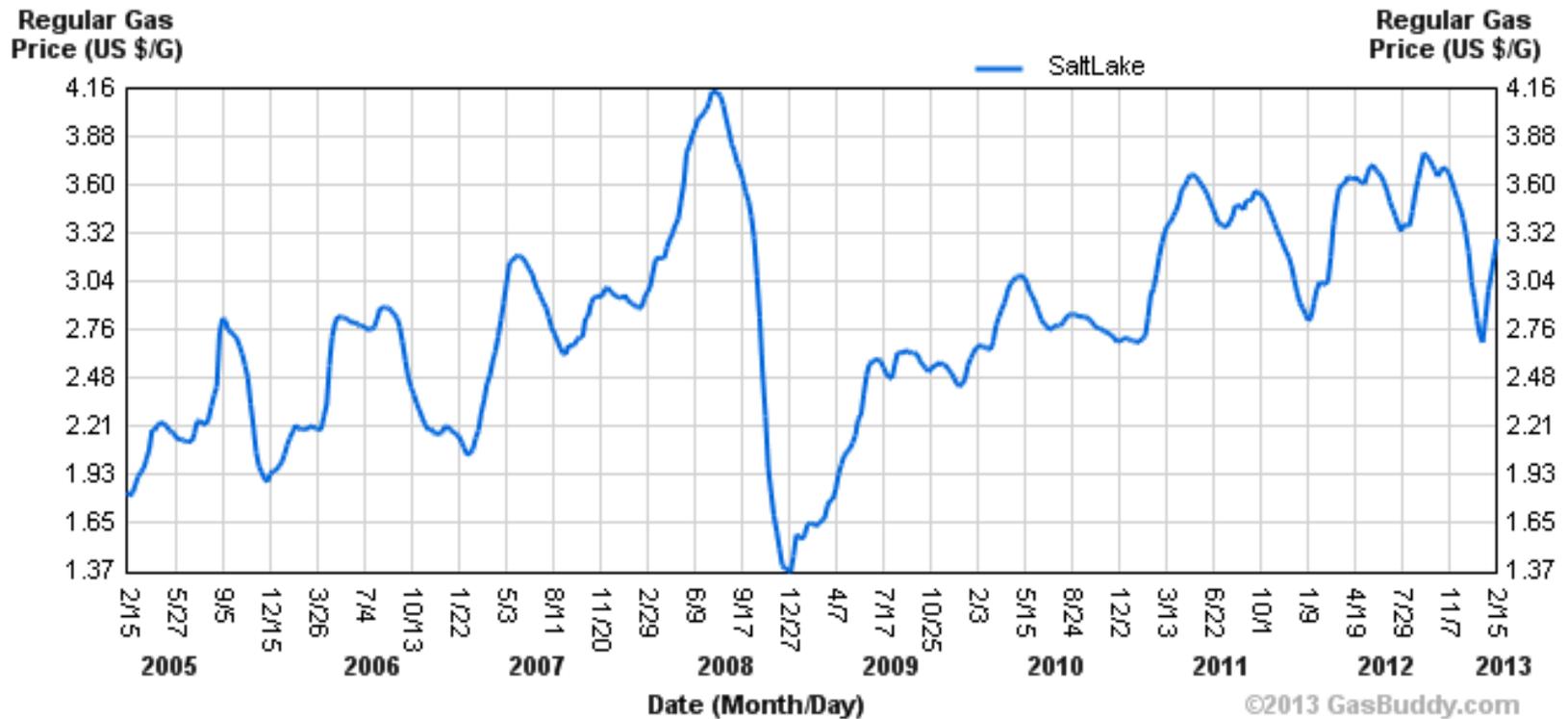
City Contribution	\$160,000	80%
Employee Contribution	<u>40,000</u>	<u>20%</u>
Total Increase	\$200,000	100%

Employee Increase Per Pay Period  
(estimate)

\$5.59

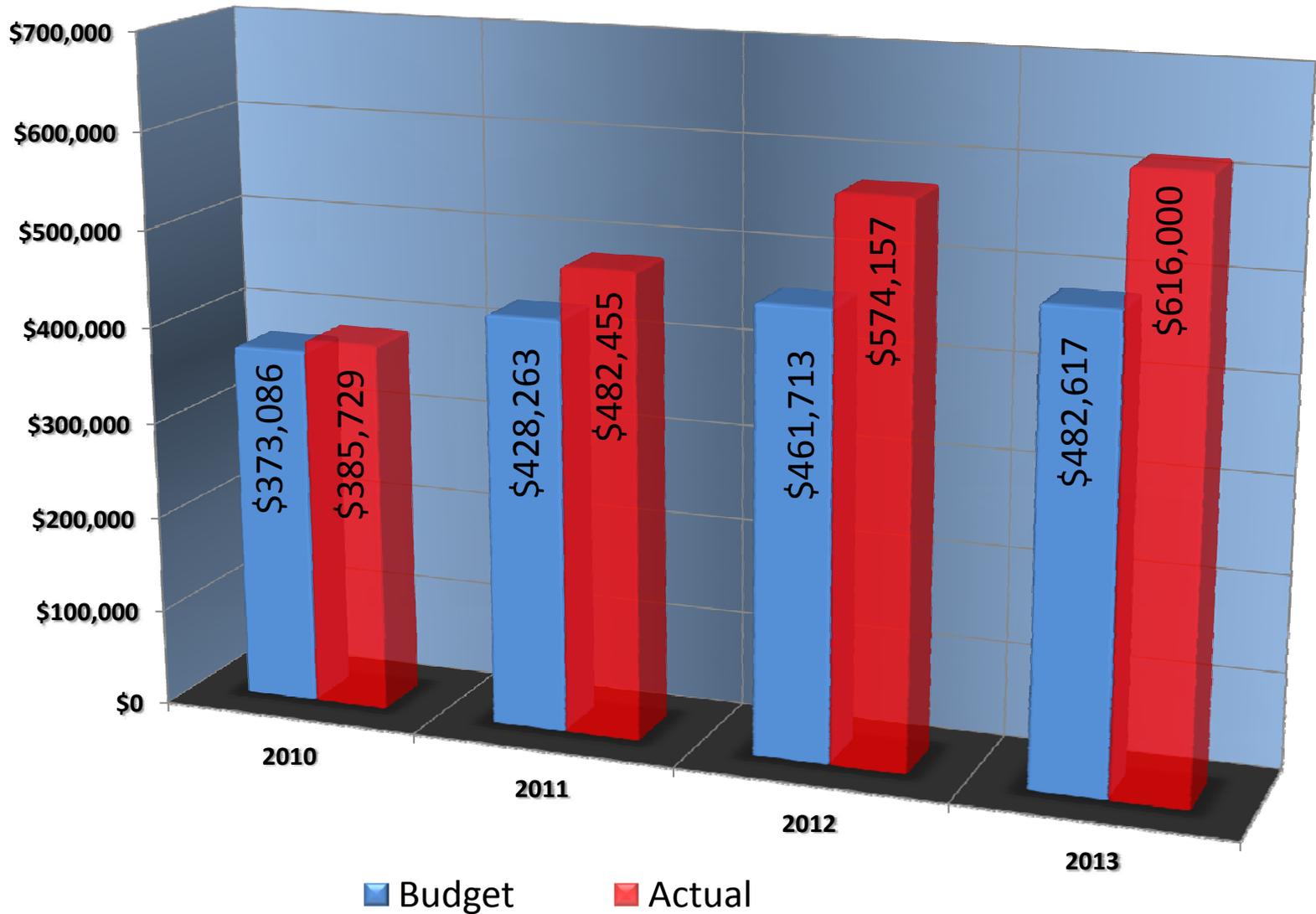
# Utah Fuel Prices 2005-2013

96 Month Average Retail Price Chart



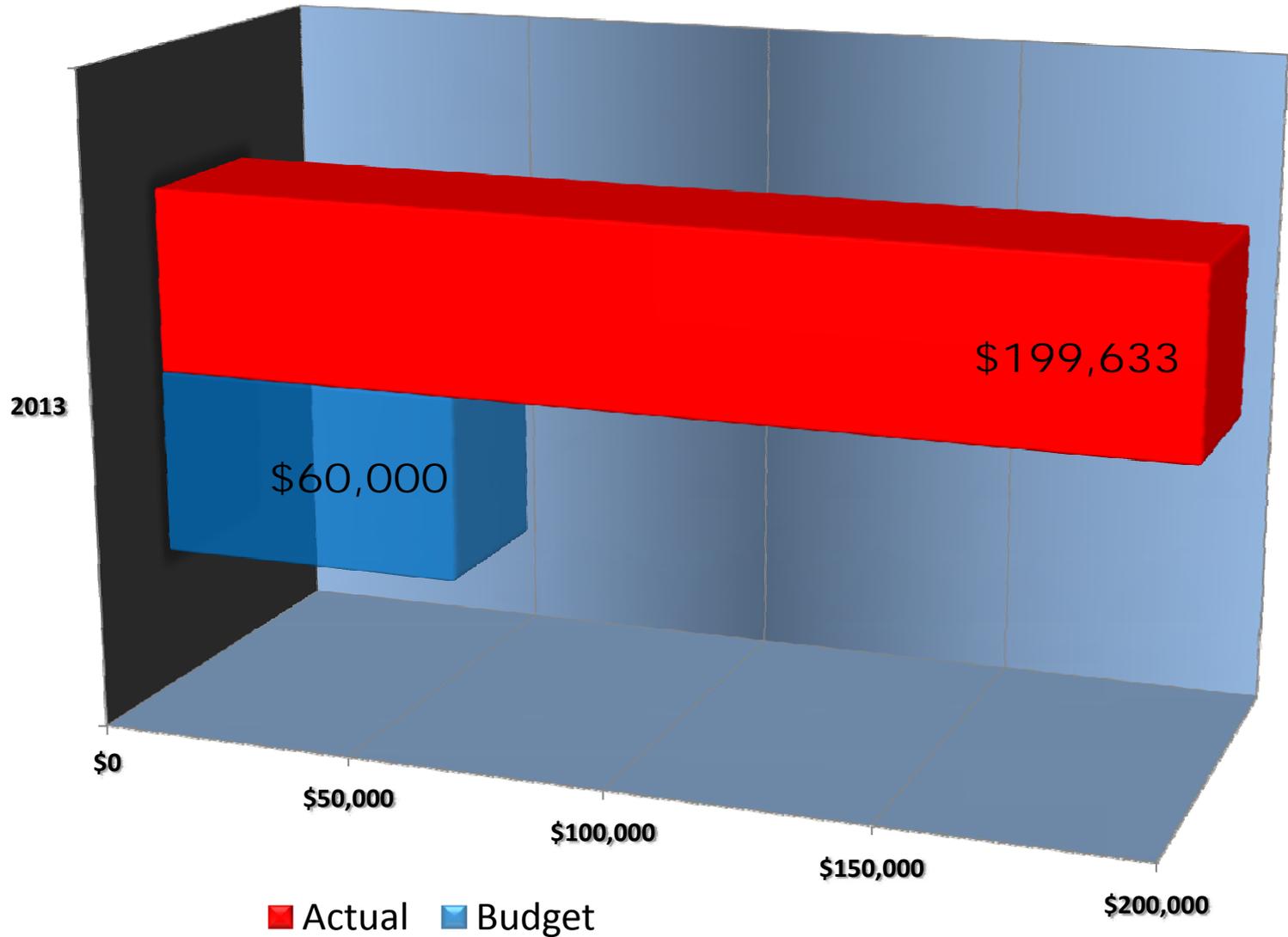
# Gas and Oil

## FY10-FY13

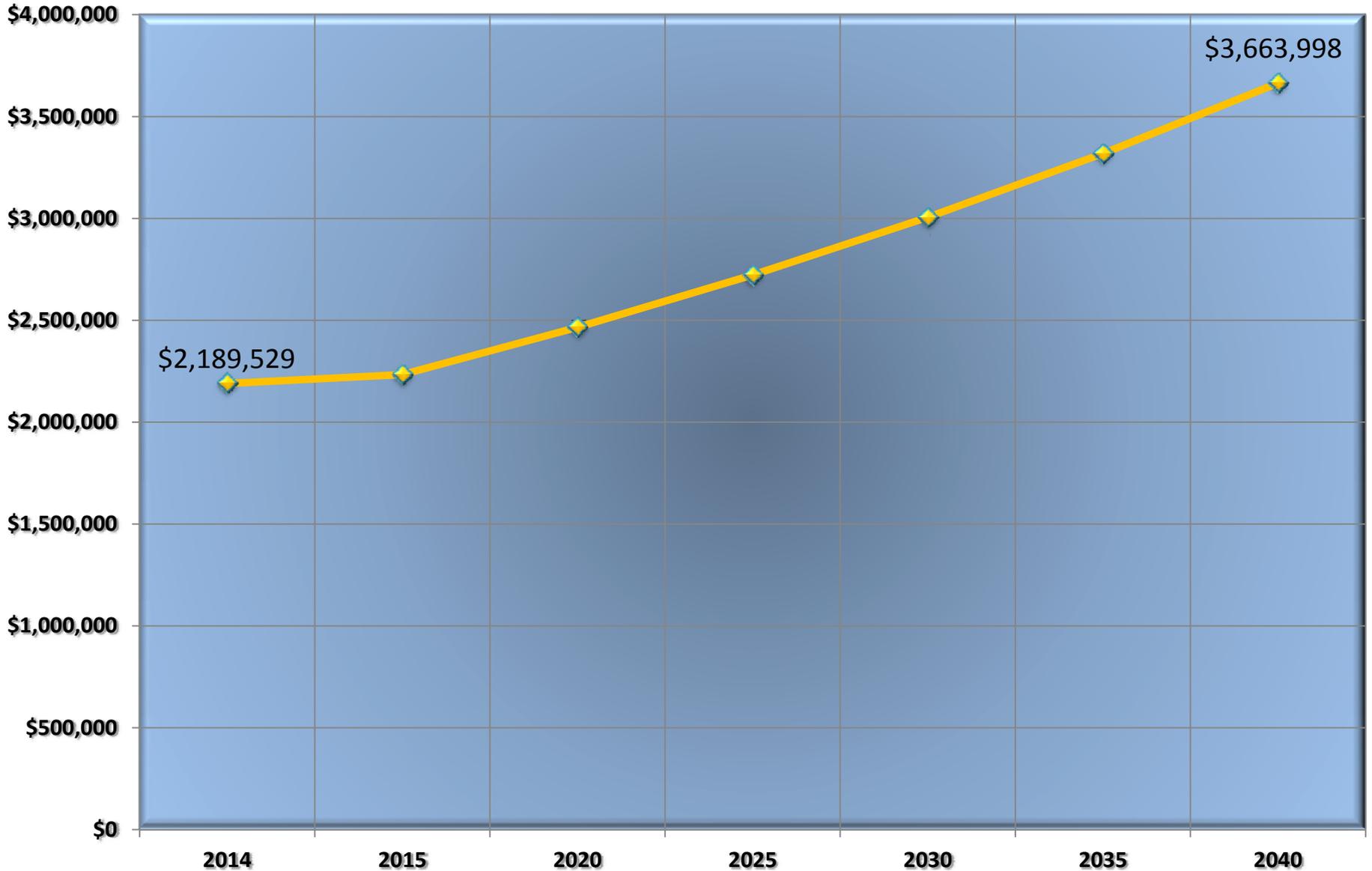


# Salt and Sand

## FY13



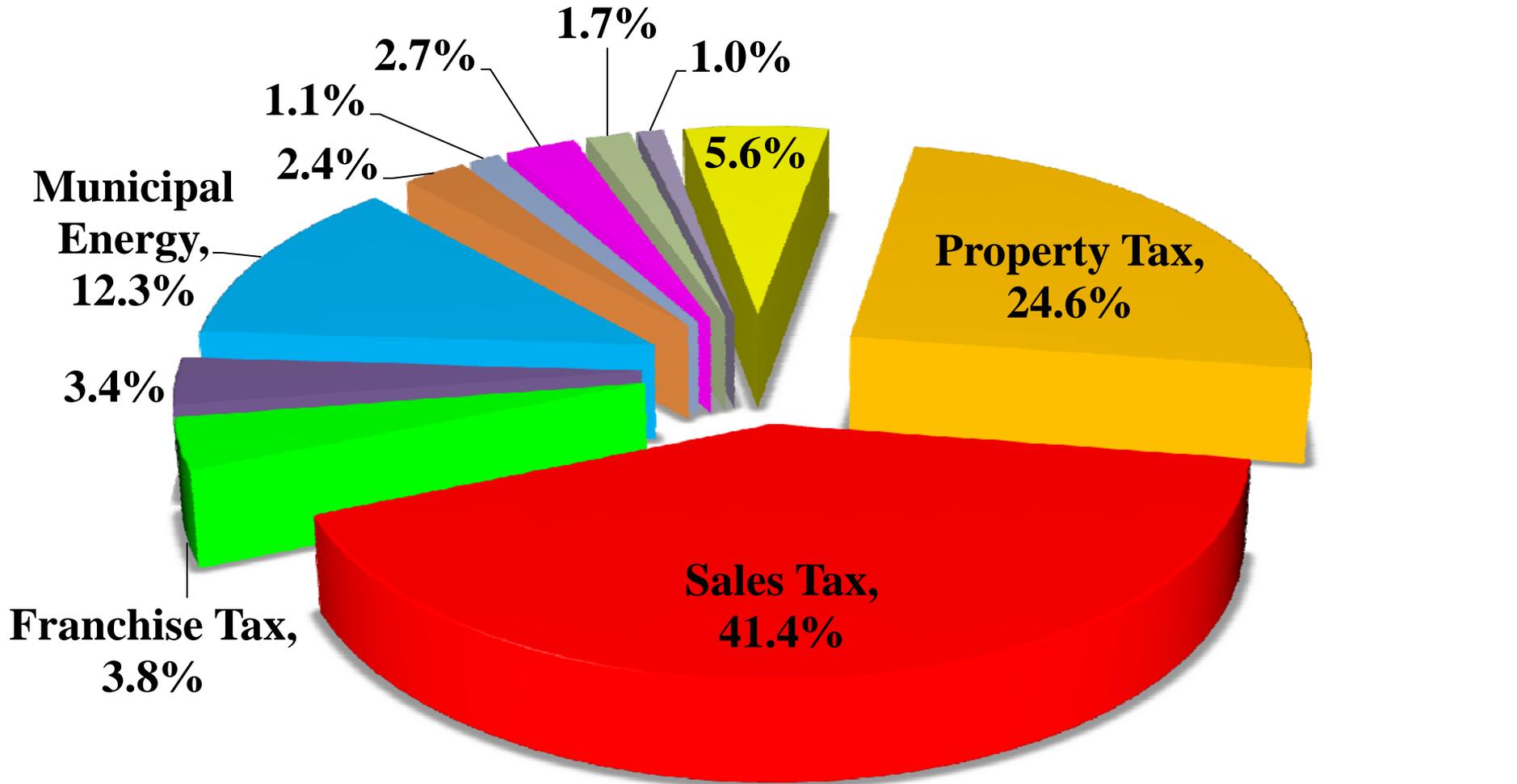
# UTOPIA Reserve Commitment



# General Revenue



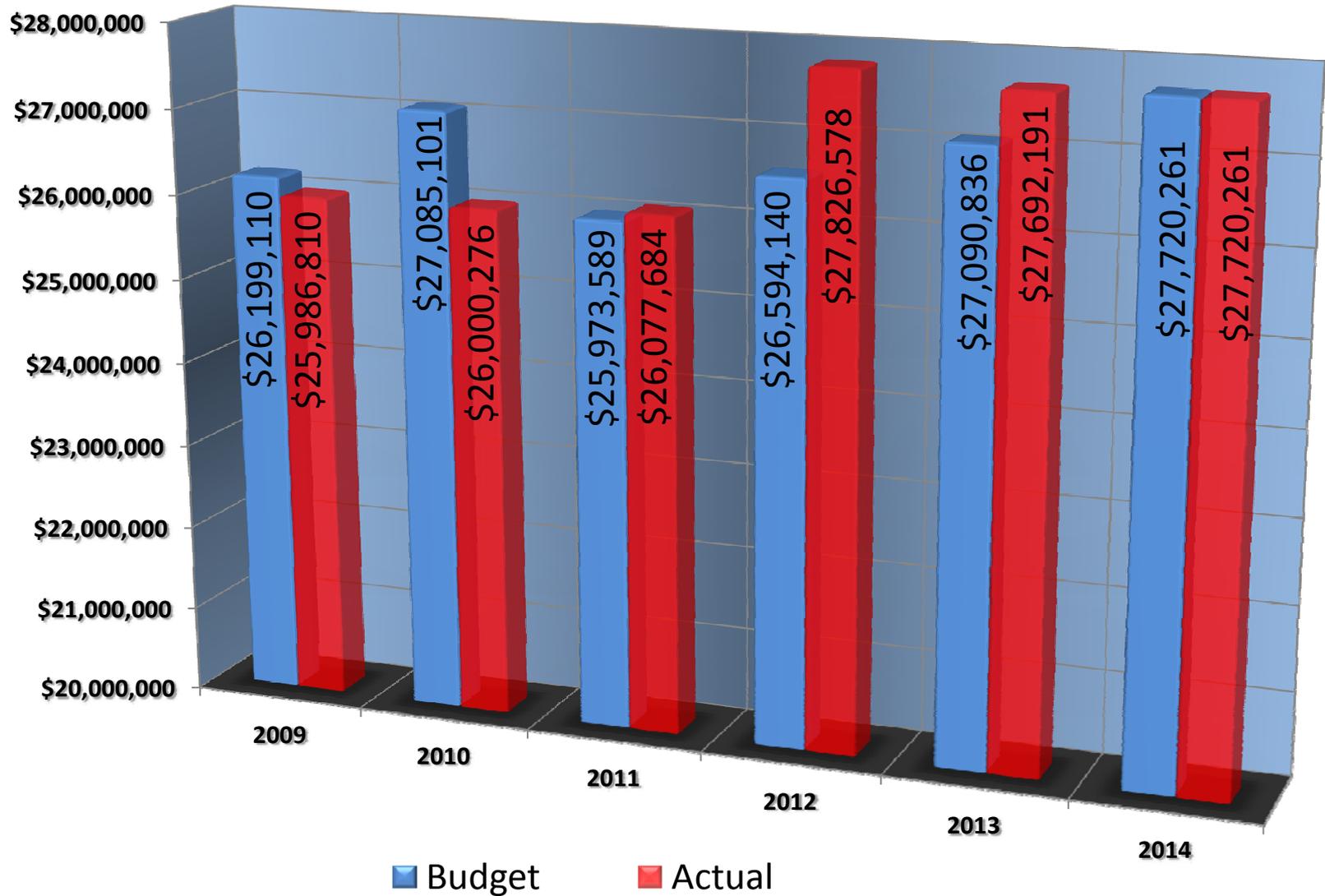
# General Fund Revenue



- |                      |                       |                   |                    |
|----------------------|-----------------------|-------------------|--------------------|
| Property Tax         | Sales Tax             | Franchise Tax     | Telecommunications |
| Municipal Energy     | Other Taxes           | Business Licenses | Building Permits   |
| Charges for Services | Fines and Forfeitures | Other Revenue     |                    |

# General Fund Revenue

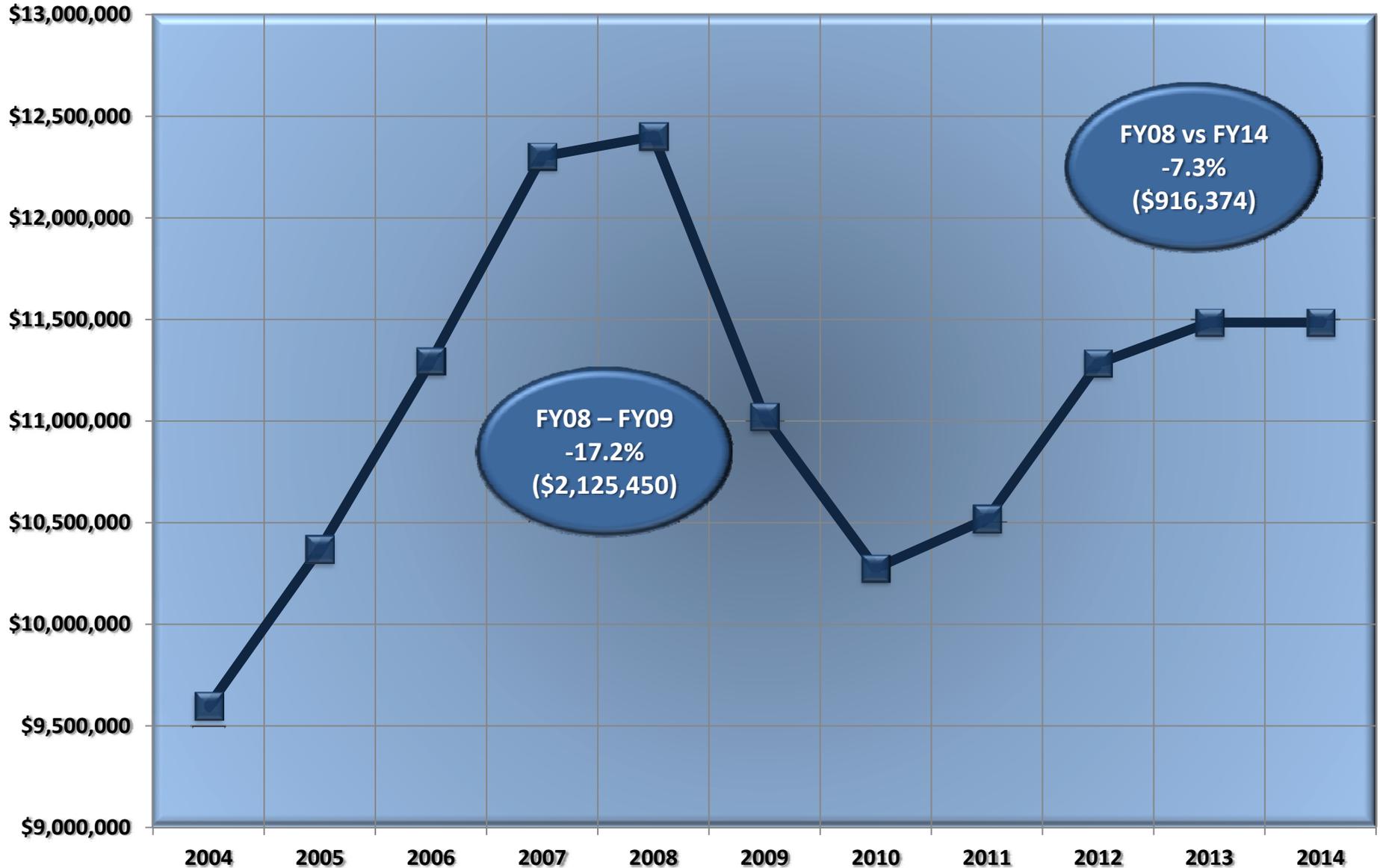
## FY10-FY14



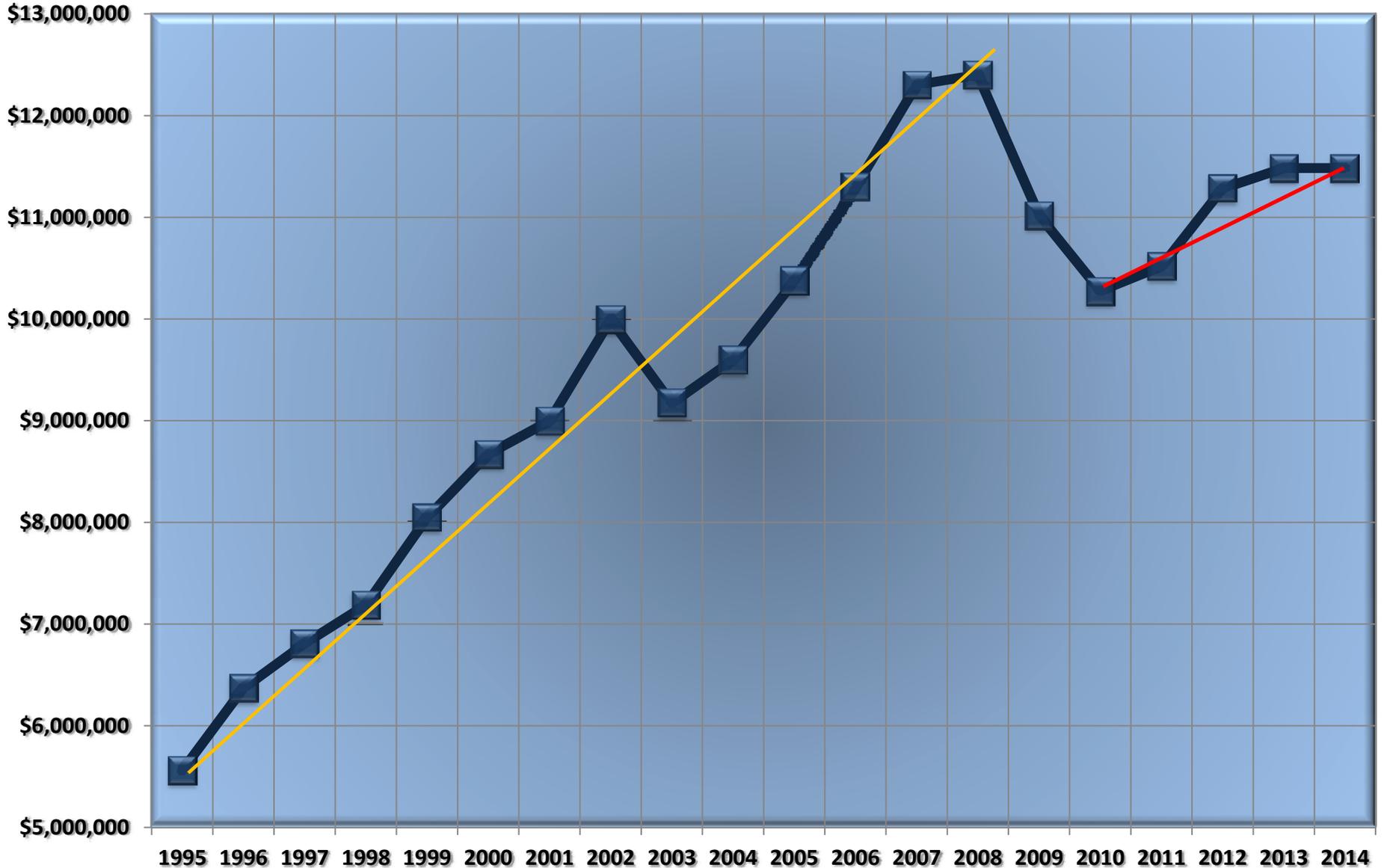
# Current Year Sales Tax

Month of Sale	Actual Fiscal 2011-2012	Actual Fiscal 2012-2013	Actual Change	Percent Change	Budget Fiscal 2012-2013	Actual Fiscal 2012-2013	Budget to Actual 2012-2013	Percent of Budget	Percent of Year Complete
July	807,306	822,321	15,015	1.86%	877,940	822,321	(55,619)	7.81%	8.33%
August	909,433	1,010,720	101,287	11.14%	913,009	1,010,720	97,711	8.13%	16.67%
September	984,194	1,028,206	44,012	4.47%	953,468	1,028,206	74,738	8.49%	25.00%
October	808,614	897,528	88,913	11.00%	884,401	897,528	13,126	7.87%	33.33%
November	965,125	907,452	(57,673)	-5.98%	916,154	907,452	(8,702)	8.15%	41.67%
December	1,211,790	1,250,527	38,737	3.20%	1,218,429	1,250,527	32,098	10.84%	50.00%
January	807,822	0		0.00%	820,351	0		7.30%	58.33%
February	824,742	0		0.00%	831,741	0		7.40%	66.67%
March	1,108,781	0		0.00%	1,042,742	0		9.28%	75.00%
April	769,156	0		0.00%	748,463	0		6.66%	83.33%
May	896,484	0		0.00%	872,046	0		7.76%	91.67%
June	1,189,744	0		0.00%	1,156,495	0		10.29%	100.00%
YTD Totals	11,283,191	5,916,754	230,291		11,235,240	5,916,754	153,352	52.66%	100.00%
	Actual YTD 2011-2012	Actual YTD 2012-2013	Percent Increase PY Actual			5,763,402	2012-2013		
						5,916,754	2012-2013		
						153,352	Dollar above budget		
	5,686,463	5,916,754	4.05%			2.66%	Percent above budget		

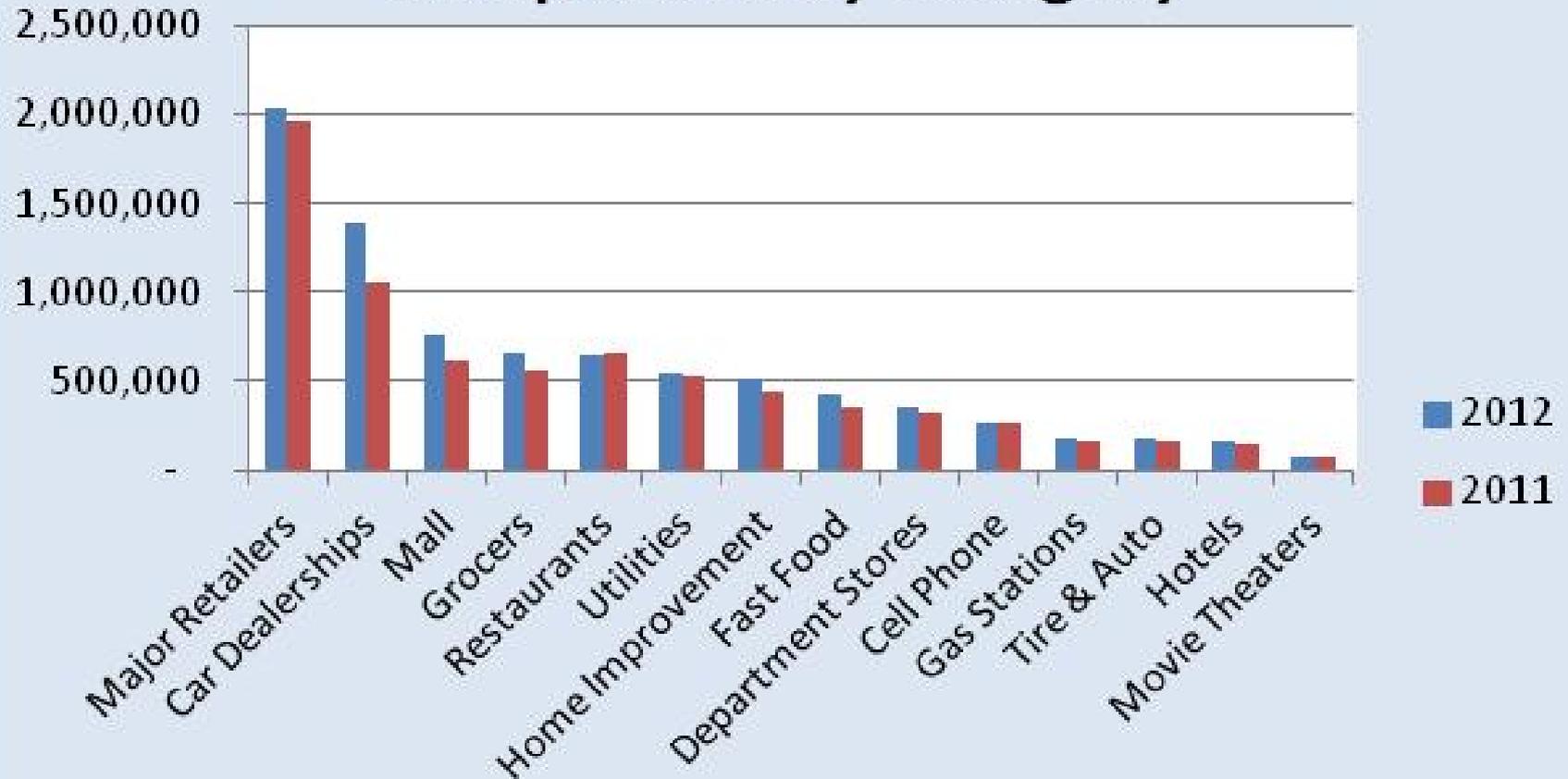
# Sales Tax FY2003-FY2014



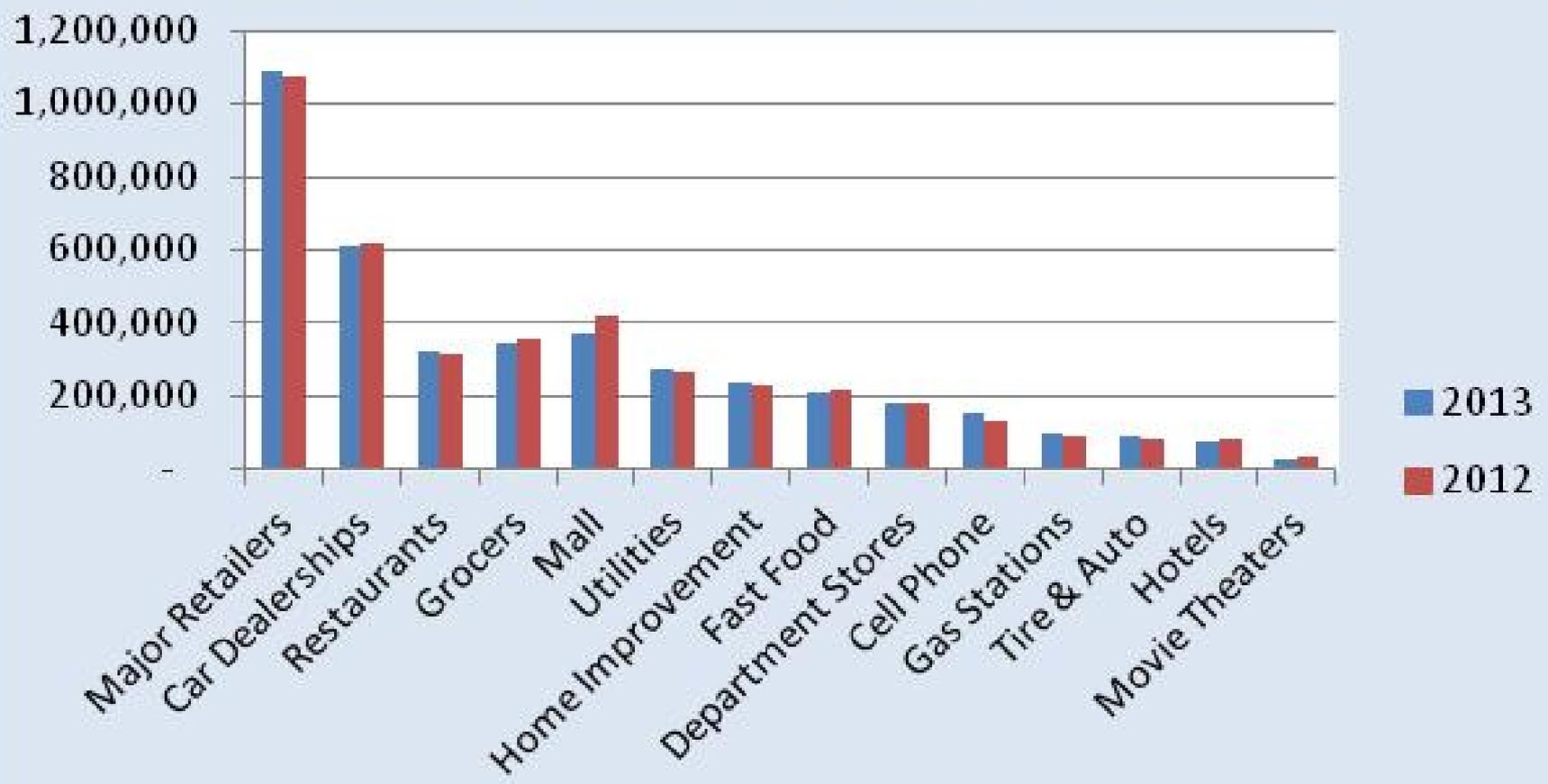
# Sales Tax FY1995-FY2014



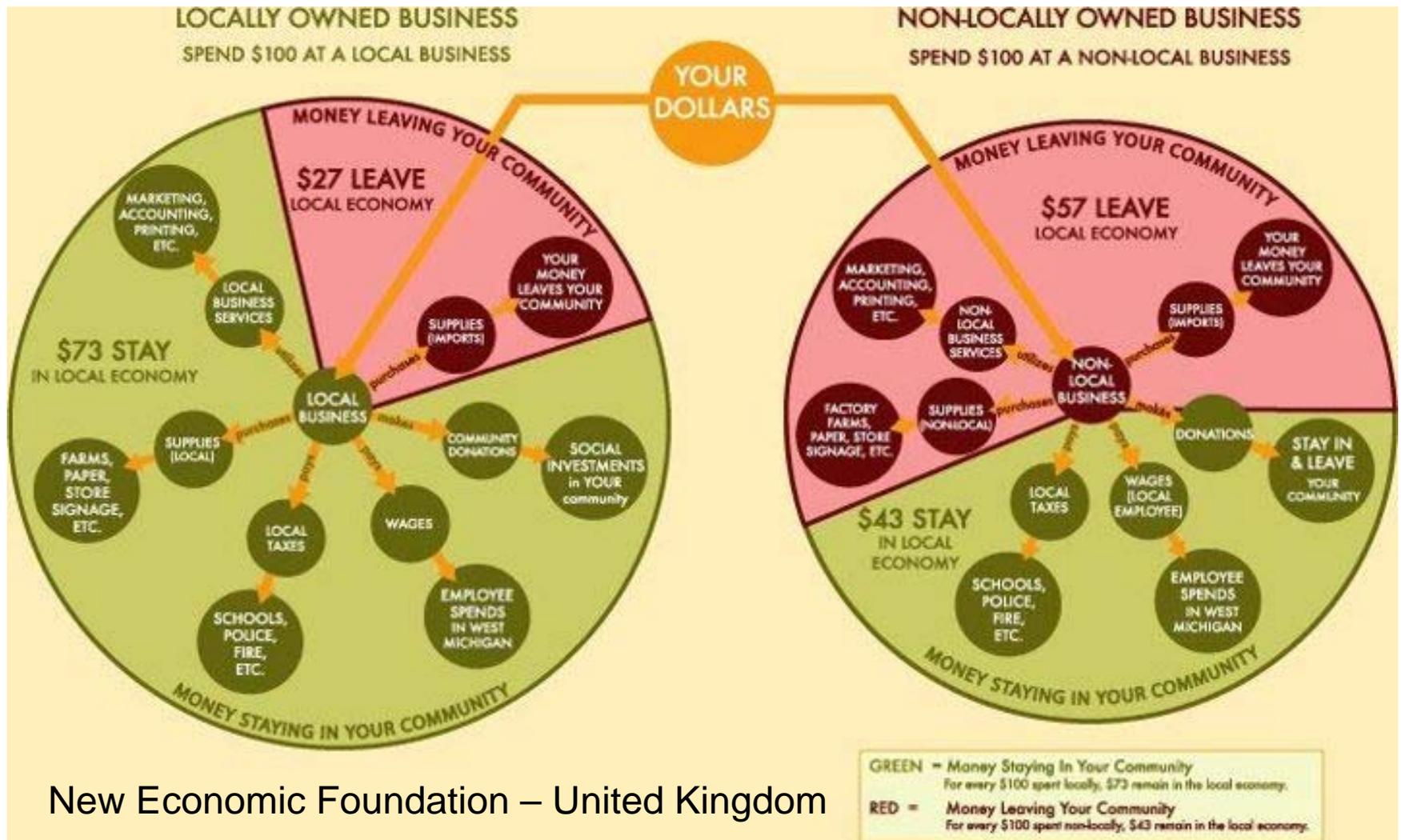
# Comparison by Category



## Comparison by Category Through November

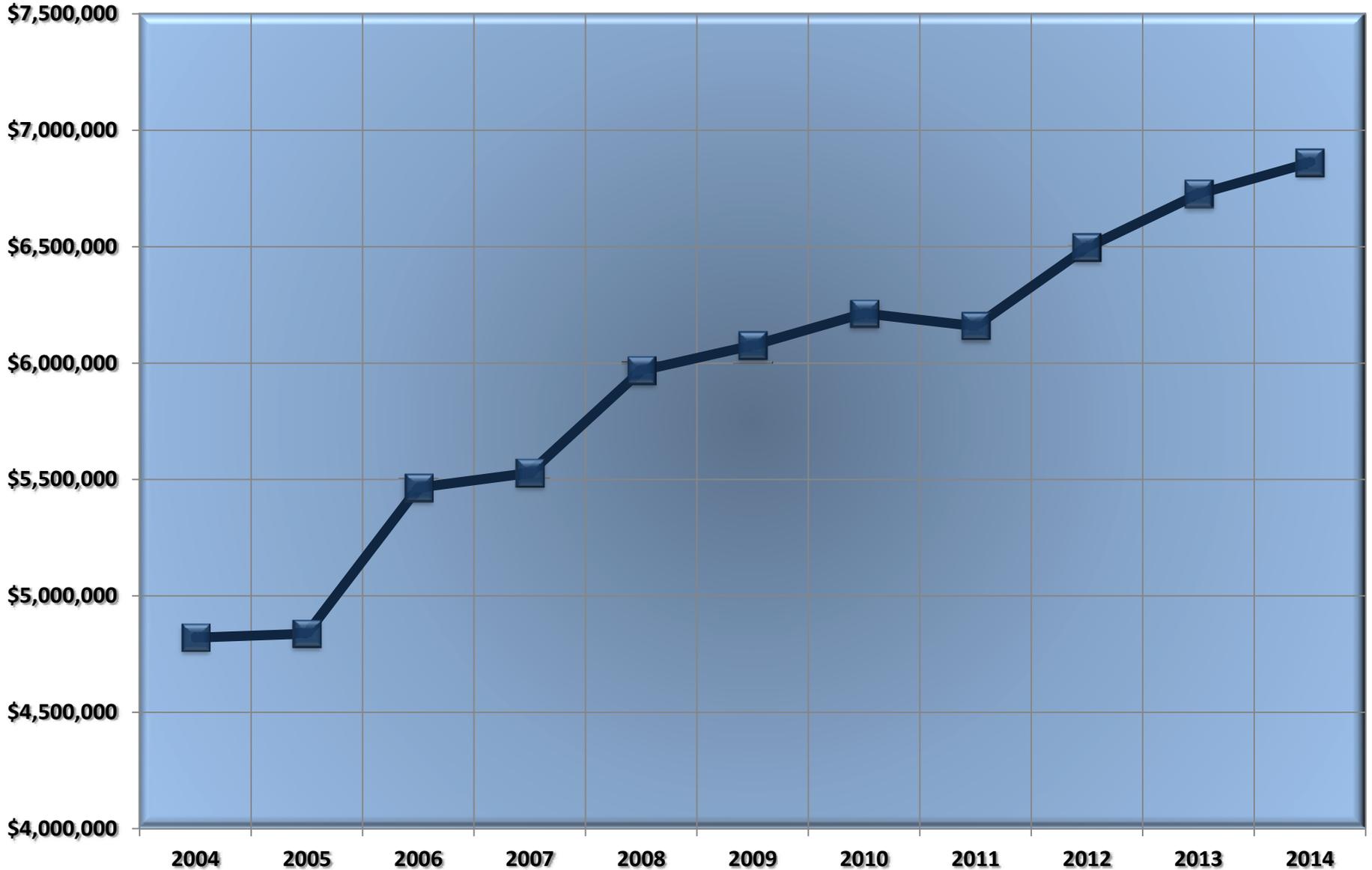


# The Effect of Local Spending

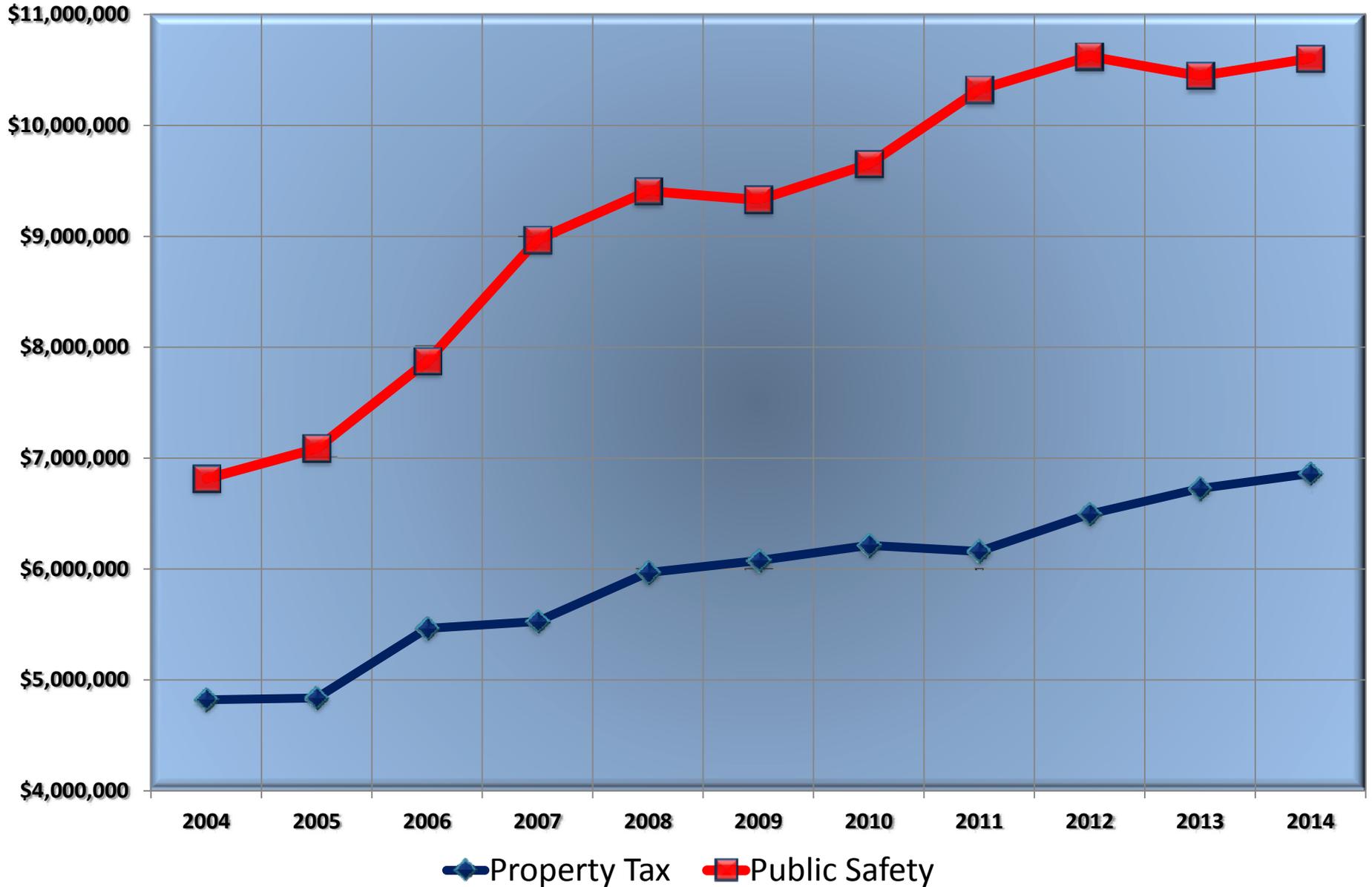


New Economic Foundation – United Kingdom

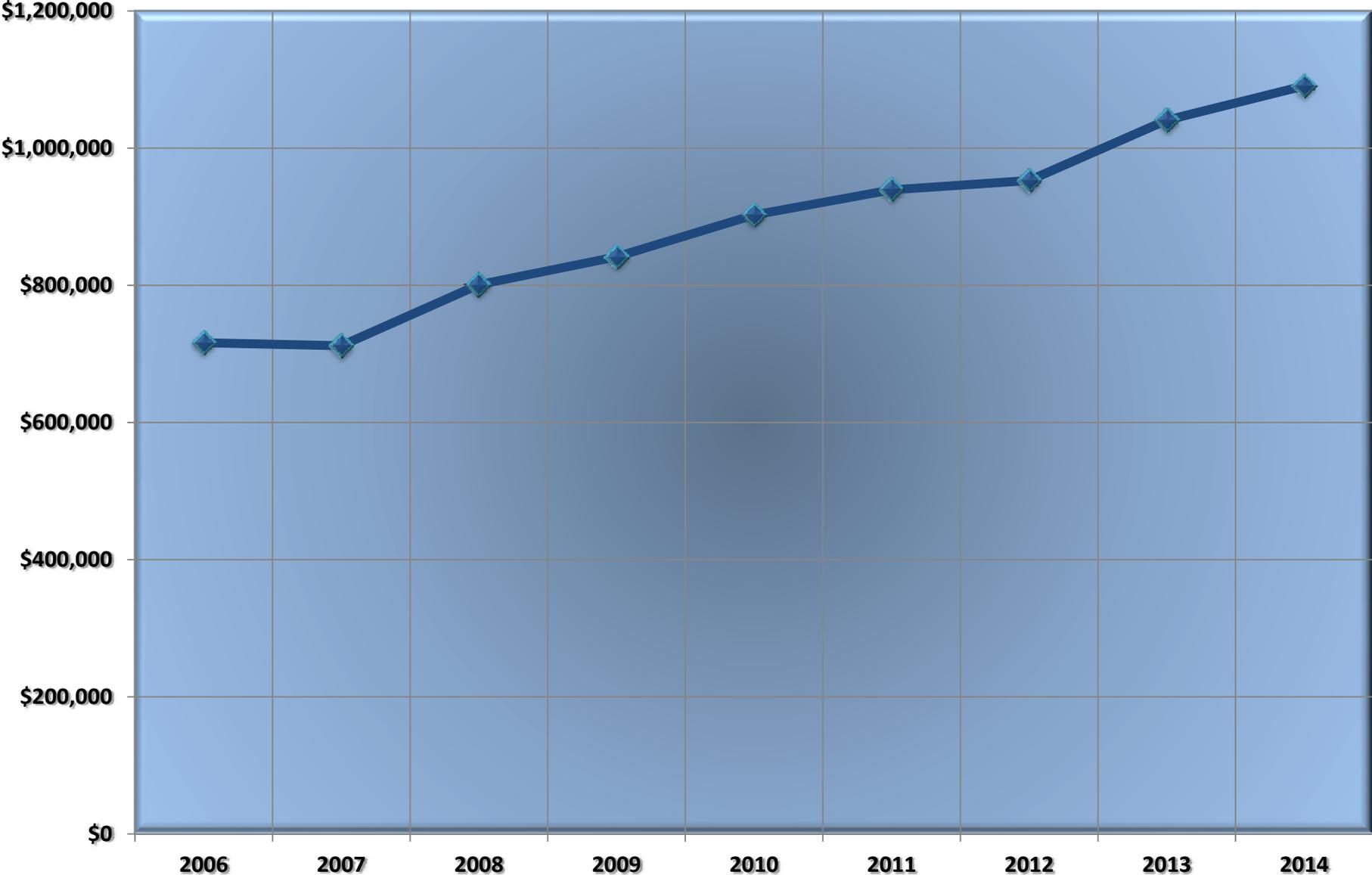
# Property Tax FY2004-FY2014



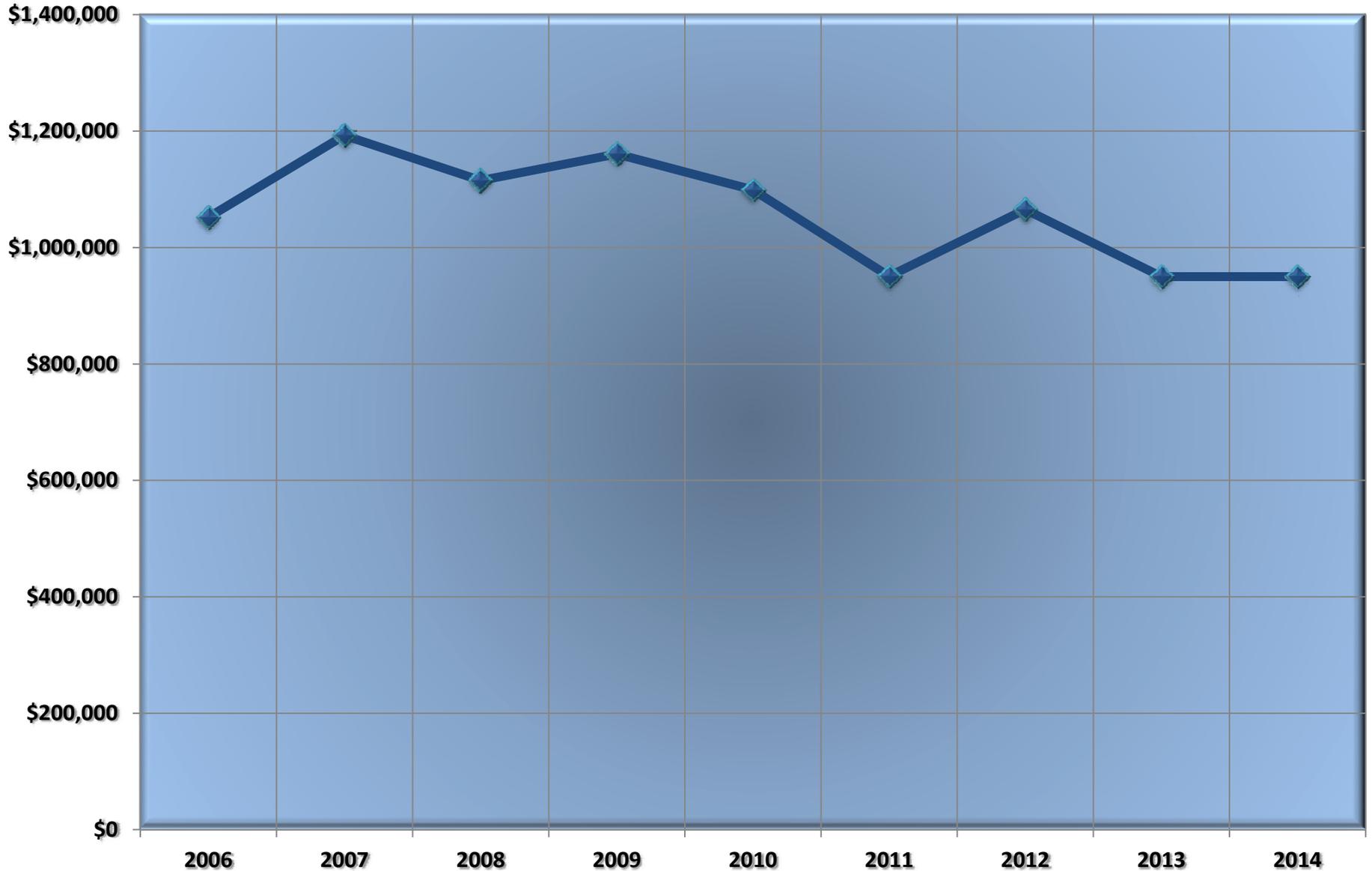
# Property Tax vs. Police Budget



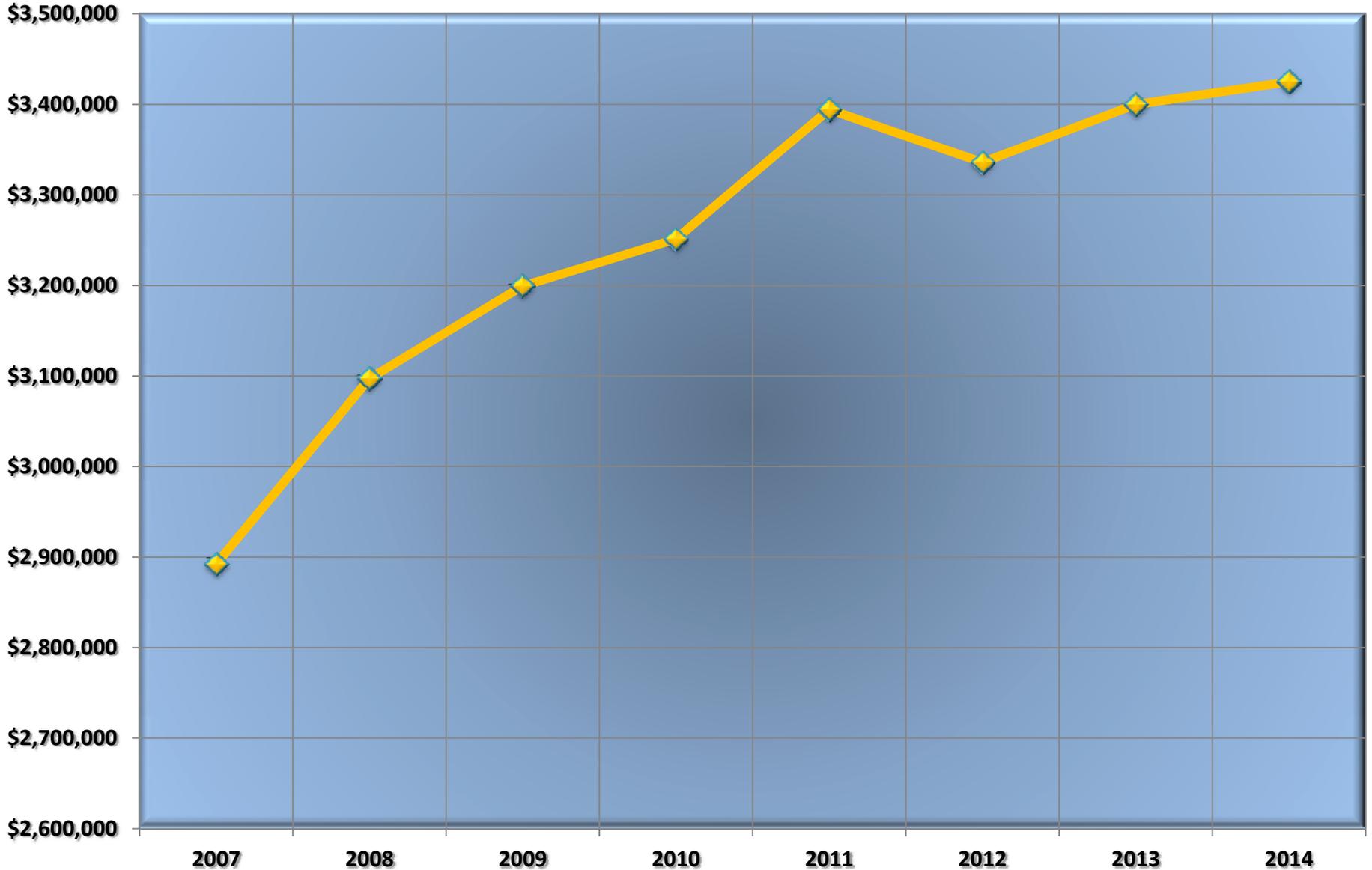
# Franchise Tax FY07-FY14



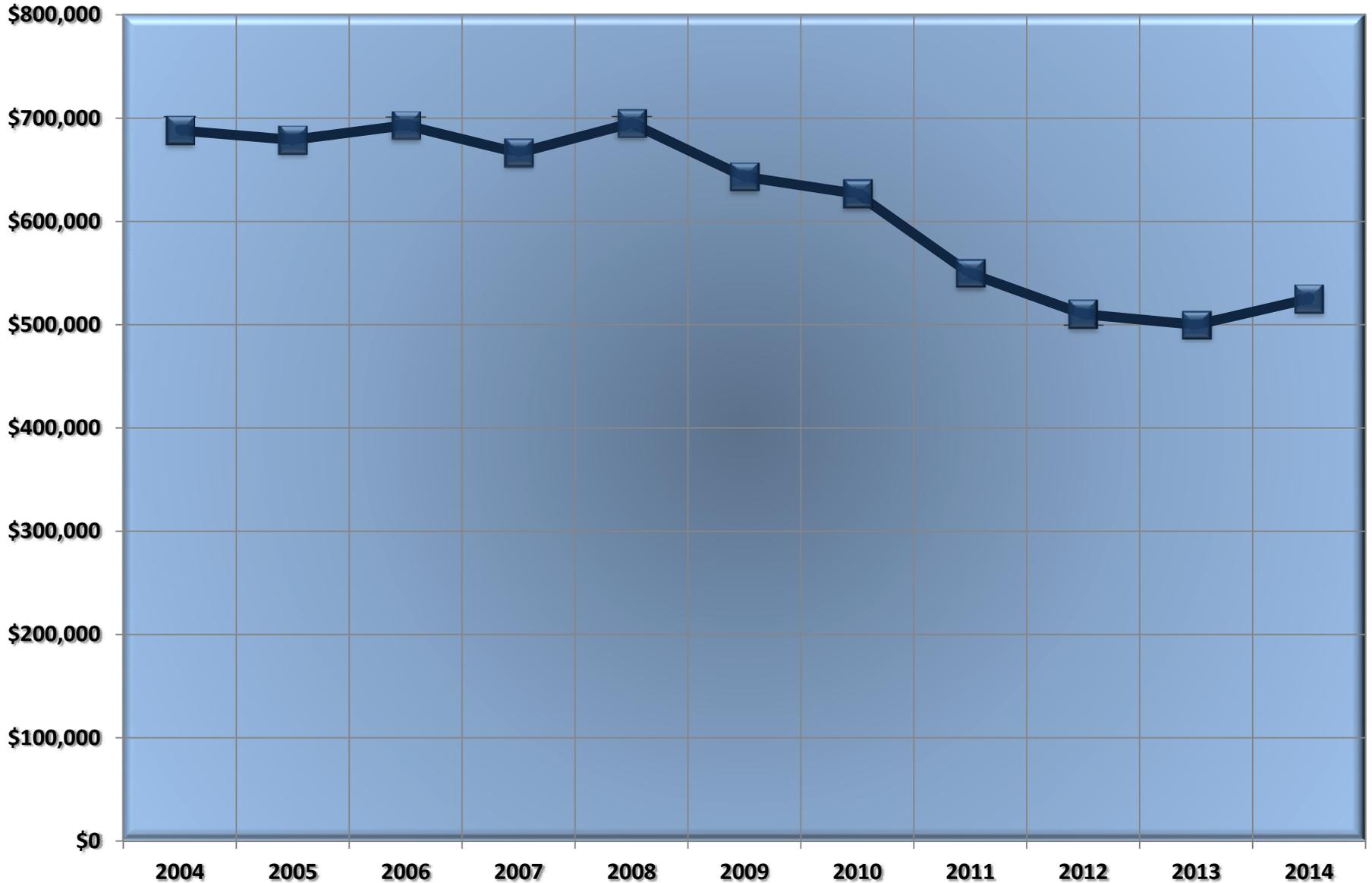
# Telecommunication Tax FY06-FY14



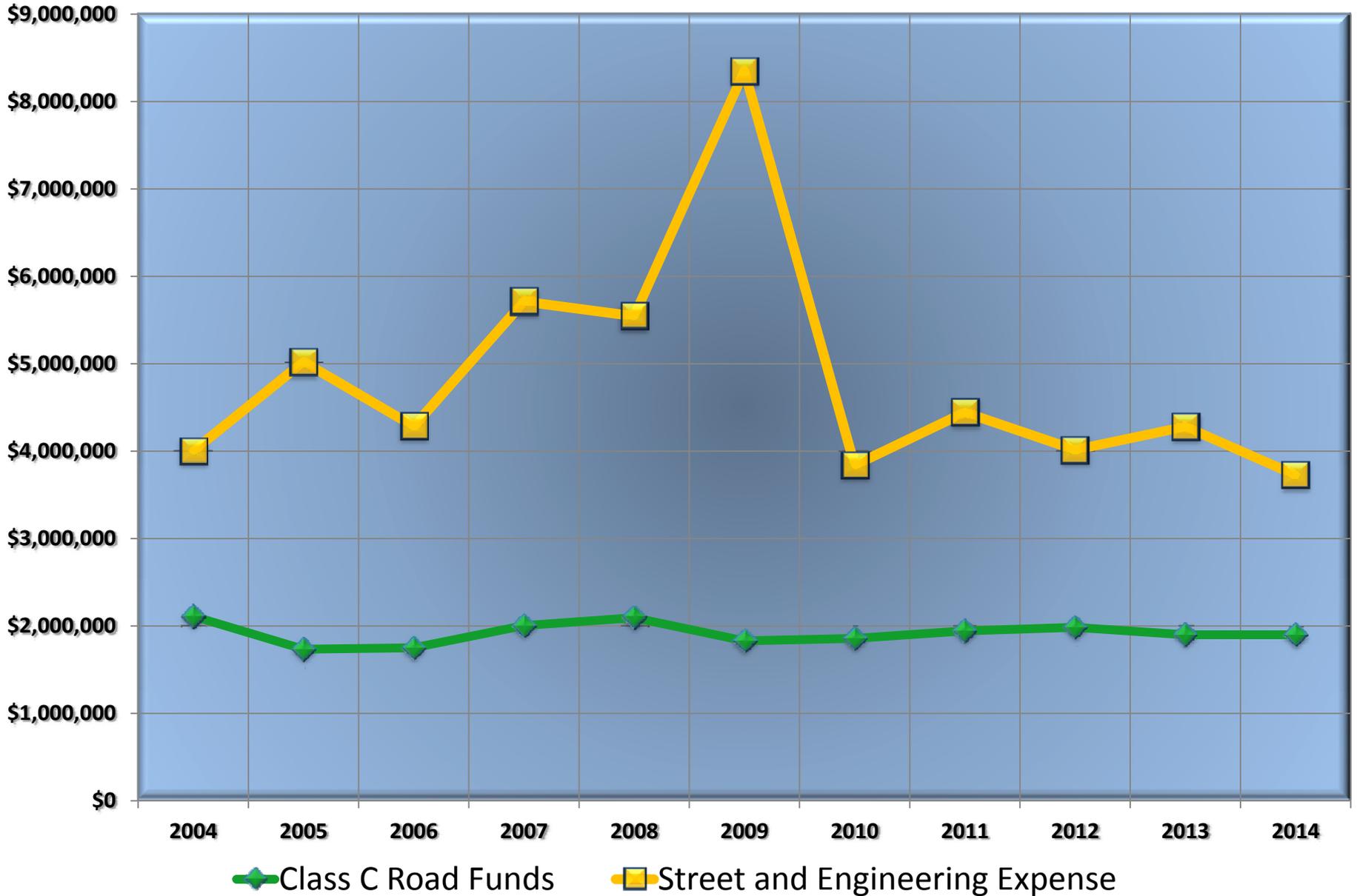
# Municipal Energy Tax FY06-FY14



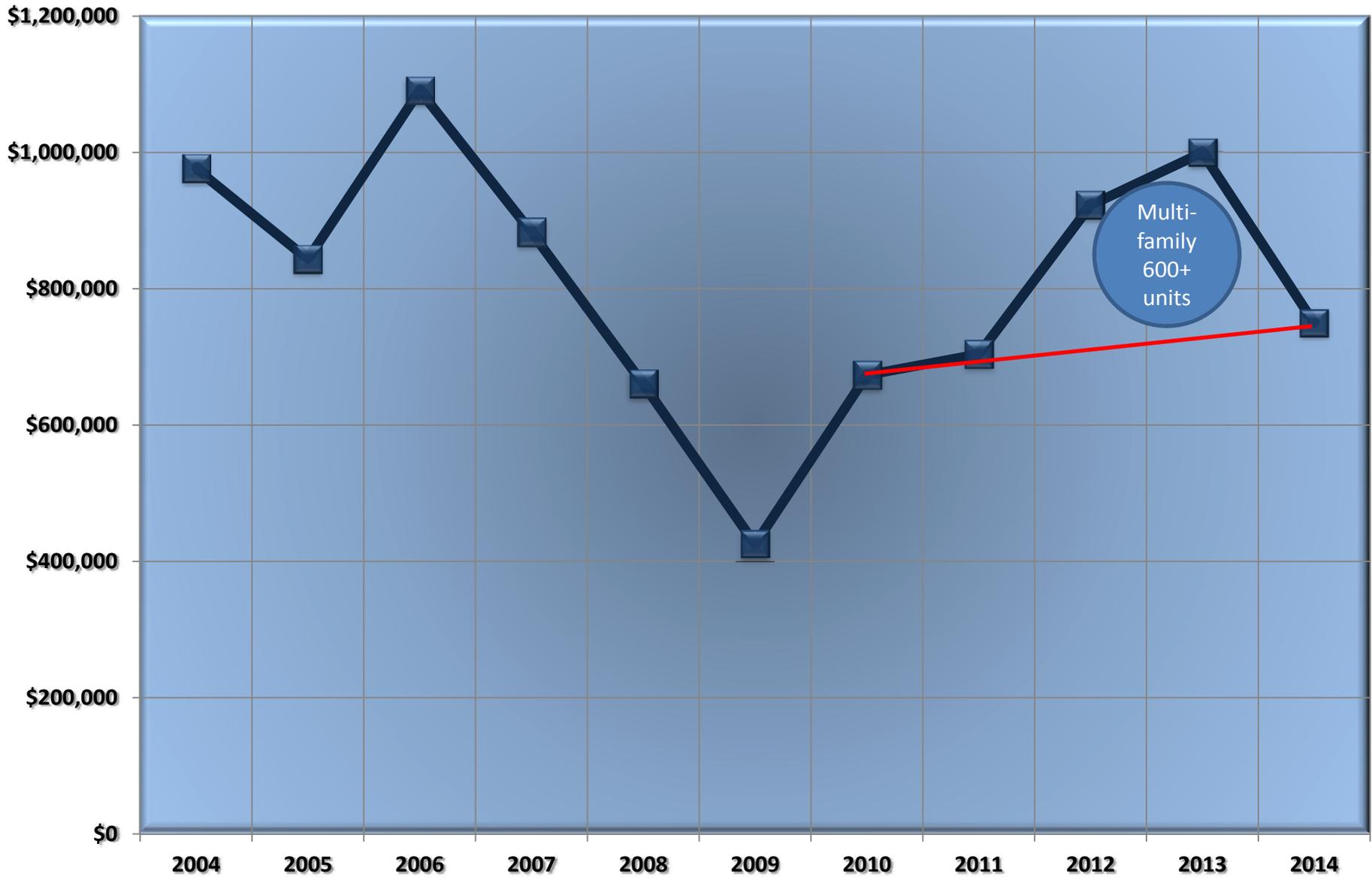
# Fee-in-lieu FY2003-FY2013



# Combined Road Funds FY03-FY13



# Building Permits FY2004-FY2014

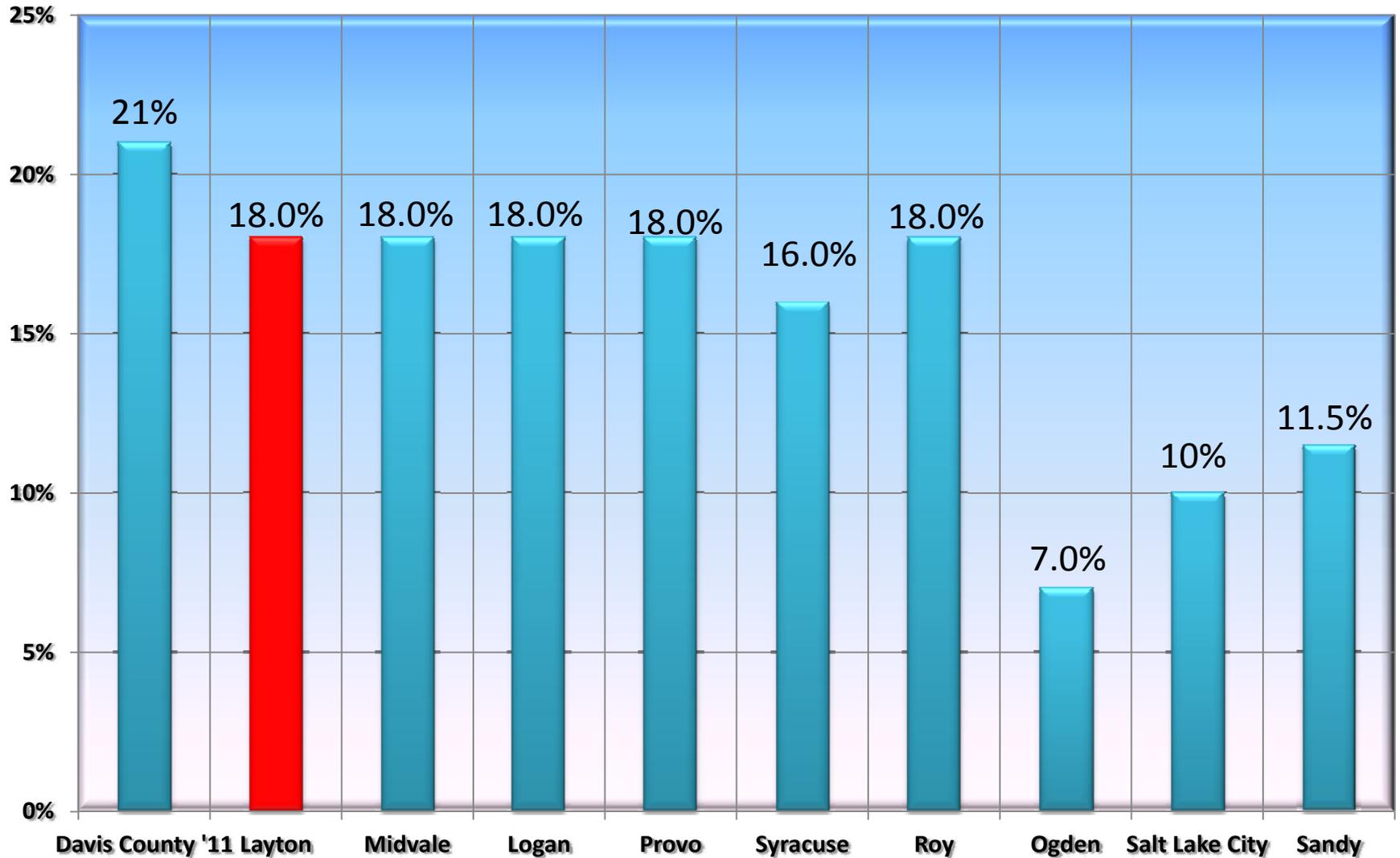


# General Fund Fund Balance

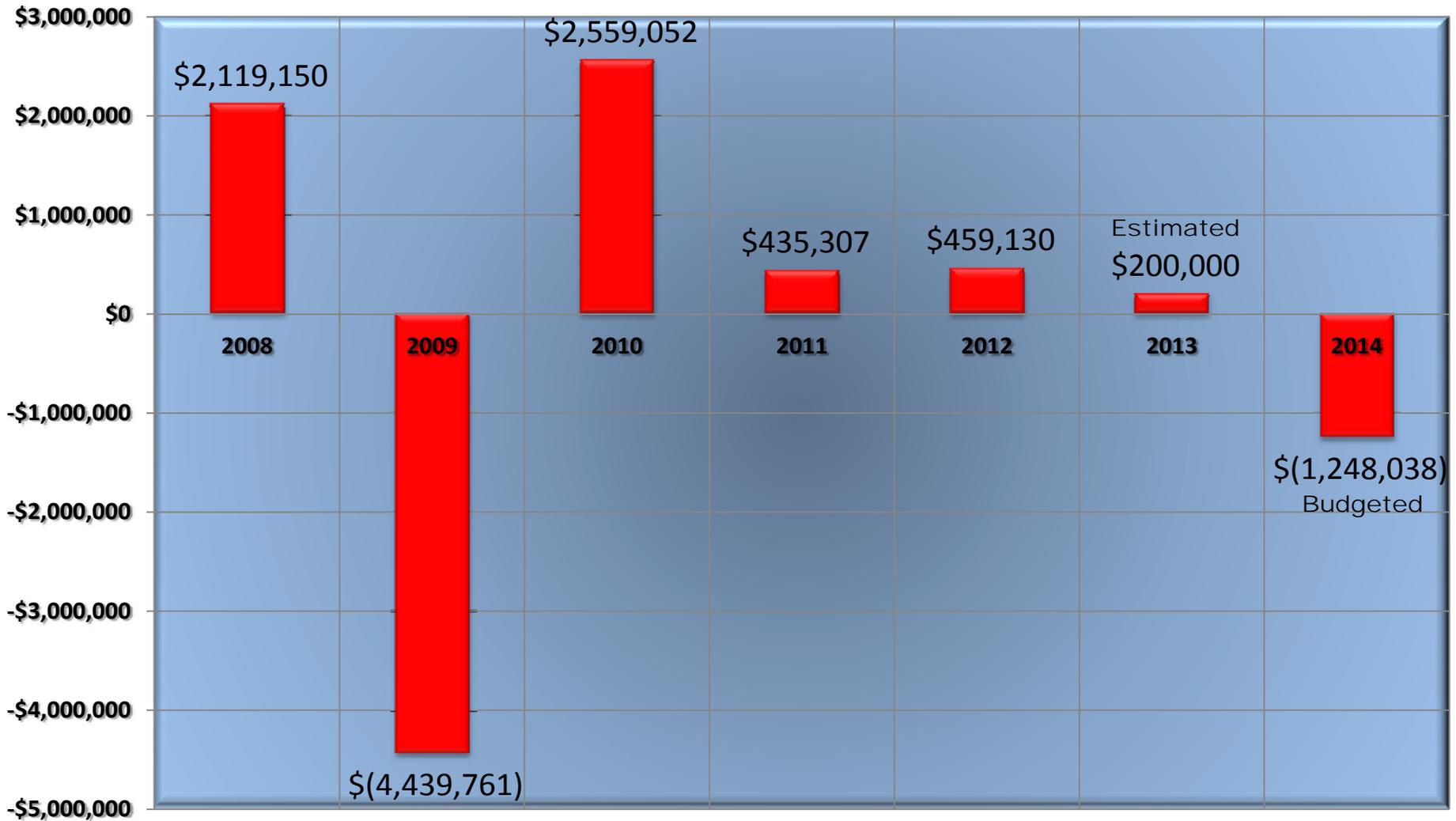


# General Fund – Unassigned Fund Balance Comparison FY12

Unofficial / Unaudited



# General Fund Return to Fund Balance



# FY2014 Capital Equipment



<b>General Fund</b>				Request		City Mgr
Description	Seq	Status	Qty	Amount	Type	Approved
<b>Management Services Department</b>						
<b>Facilities Maintenance Division</b>						
UPS batteries, City center	1	R	40	\$8,900	E	\$8,900
Driveway & Sewer lateral replacement, fire station 53	2	R	---	21,802	O	21,802
CCTV Cameras upgrade	4	R	9	17,150	E	17,150
Fire alarm public works facility	5	R	---	12,000	O	
Replace carpet in police building	6	R	---	18,900	O	13,400
Stackable chairs, council chambers and conference room	7	E	96	5,000	E	5,000
Concrete entryways, (ice melt system, new handrails, concrete)	8	R	---	43,000	O	40,000
Total Facilities Maintenance Division				126,752		106,252
<b>Management Services Department</b>						
<b>Information Systems Division</b>						
Computer servers	1	R	4	15,000	E	15,000
Blade servers	2	R	3	14,000	E	14,000
VM ware license	3	R	2	14,000	E	14,000
HP P-4000 SAN (12 terabyte), remote site	4	N	1	27,500	E	27,500
Blade chassis, remote site	5	N	1	6,000	E	6,000
VM ware license, remote site	6	N	2	14,000	E	14,000
Kiosk computer (City center lobby)	7	N	1	6,000	E	
Total Information Systems Division				96,500		90,500
<b>Total Management Services Department</b>				<b>223,252</b>		<b>196,752</b>
<b>Police Department</b>						
<b>Administration Division</b>						
CE Vehicle, Ford F-150	1	R	1	28,353	E	28,353
CE Vehicle, Ford F-150	2	R	1	28,353	E	28,353
CE Vehicle, Ford F-150	3	R	1	28,353	E	
Cubicles and CE workstations	4	R	---	23,584	E	5,391
Total Administration Department				108,643		62,097
<b>Police Department</b>						
<b>Patrol Division</b>						
Marked police interceptor	1	R	1	41,452	E	41,452
BMW R1200RTP motorcycles	2	N	2	50,000	E	25,000
Radar trailer	3	R	1	13,000	E	13,000
Tactical surveillance robot	4	N	1	25,000	E	
Total Patrol Division				129,452		79,452

<b>Police Department</b>						
<b>Support Services Division</b>						
Unmarked detective vehicle, Ford Fusion	1	R	1	24,606	E	24,606
Unmarked SRO vehicle, Ford Fusion	2	R	1	25,081	E	25,081
Unmarked detective vehicle, Ford Fusion	3	R	1	24,606	E	24,606
Unmarked SRO vehicle, Ford Fusion	4	R	1	25,081	E	25,081
DARE vehicle, Chevrolet Camaro	5	R	1	31,028	E	
Unmarked detective vehicle, Ford Fusion	6	N	1	24,606	E	
Ninhydrin Chamber	7	R	1	11,000	E	
Detective cubicles and SRO workstations	8	R	---	24,965	E	4,383
Total Support Services Division				190,973		103,757
<b>Total Police Department</b>				<b>429,068</b>		<b>245,306</b>
<b>Fire Department</b>						
<b>Fire Division</b>						
SCBA/N95 Respirator fit testor	1	R	30	12,810	E	12,810
MultiRAE HazMat detector	3	N	1	7,500	E	7,500
Ford F-150 4x4 crew cab, (training/safety officer vehicle)	4	R		37,828	E	
Tactical water tender (3,000 Gal. 250GPM pump) (60,000 from prior years wildland fire revenue & 60,000 request)	5	N	1	120,000	E	
<b>Total Fire Department</b>				<b>178,138</b>		<b>20,310</b>
<b>Community and Economic Development Department</b>						
Ford Explorer V-6 AWD	1	R	1	26,660	E	26,660
<b>Total Community and Economic Development Department</b>				<b>26,660</b>		<b>26,660</b>
<b>Public Works Department</b>						
<b>Street Division</b>						
Asphalt roller and trailer	1	R	1	64,000	E	
Dumpbody for AutoCar	2	R	1	17,000	E	17,000
Total Street Division				81,000		17,000
<b>Public Works Department</b>						
<b>Shop Division</b>						
Power washer, truck wash bay	1	R	1	7,600	E	7,600
Total Shop Division				7,600		7,600

<b>Public Works Department</b>						
<b>Engineering Division</b>						
Pickup truck, 1/2 ton	1	R	1	24,000	E	24,000
Water Gems - upgrade WaterCad software	2	N	1	5,200	E	5,200
AutoCad network license (1 new license)	3	N	1	4,500	E	4,500
Fujitsu FI-6130Z Sheet-feed scanner	4	N	1	900	E	900
Update Aerial photographs	5	R	---	6,000	E	6,000
Wavetronix radar detector	6	N	1	6,100	E	
Subtotal Engineering				46,700		40,600
Amount allocated to utility funds				(35,025)		(30,450)
Total Engineering Division				11,675		10,150
<b>Total Public Works Department</b>				<b>100,275</b>		<b>34,750</b>
<b>Parks and Recreation Department</b>						
<b>Recreation Division</b>						
Football scoreboard at Ellison Park	1	N	1	6,240	E	6,240
Resurface tennis court as a pickleball court	2	R	---	10,000	O	
Total Recreation Division				16,240		6,240
<b>Parks and Recreation Department</b>						
<b>Parks Division</b>						
Chevrolet 2500HD 4WD truck	1	R	1	25,808	E	25,808
Ferris mower with 72" mow deck	2	R	1	13,899	E	13,899
Kawasaki mule 4WD utility vehicle	3	N	1	8,975	E	8,975
Kawasaki mule 2WD utility vehicle	4	R	1	7,995	E	7,995
Total Parks Division				56,677		56,677
<b>Total Parks and Recreation Department</b>				<b>72,917</b>		<b>62,917</b>
<b>Total General Fund</b>				<b>\$1,030,310</b>		<b>\$586,695</b>

# FY2014 CIP



Governmental Fund Projects Department/Division Project Description	Current Year Projects Total	Funding Sources					
		General Fund	Impact Fees	Class C Road Funds	Grants	Enterprise Funds	
						Revenues	Impact Fees
<b>Fire Department:</b>							
<b>Fire Division</b>							
Refurbish engine #1 and engine #4	\$300,000	\$150,000				150,000	
<b>Public Works Department:</b>							
<b>Streets Division</b>							
Signal at Fairfield Road and Cherry Lane	110,000		110,000				
Master transportation plan, CIP and Impact Fee	110,000		110,000				
Layton Parkway, Angel Street to 1700 West	220,000		220,000				
Developer reimbursements	55,000		55,000				
Asphalt paver	165,000			\$165,000			
East Gentile, 700 North to 1000 North	60,000			60,000			
Sidewalk repair and replacement	236,000			236,000			
Asphalt zipper	125,000			125,000			
Roller and Trailer	64,000			64,000			
<b>Public Works Department:</b>							
<b>Street Lighting Division</b>							
Subdivision street lighting	70,000					70,000	
Wasatch Drive	140,000					140,000	
One ton aerial lift truck	118,500	88,500				30,000	
<b>Parks and Recreation Department:</b>							
<b>Parks Division</b>							
Road resurface at Ellison Park	100,000	100,000					
Roof replacement at maintenance building	45,000	45,000					
<b>Total Governmental Funds</b>	<b>\$1,918,500</b>	<b>\$383,500</b>	<b>\$495,000</b>	<b>\$650,000</b>		<b>\$390,000</b>	

# Credit Card Policy

Payments by Citizens and Customers



# Credit Card Fee Analysis

VISA			American Express		
City Fee Revenue	Credit Card Fee	Lost Revenue	City Fee Revenue	Fee	Lost Revenue
\$ 75	1.58%	\$ 1.19	\$ 75	2.15%	\$ 1.61
\$ 100	1.58%	\$ 1.58	\$ 100	2.15%	\$ 2.15
\$ 250	1.58%	\$ 3.95	\$ 250	2.15%	\$ 5.38
\$ 500	1.58%	\$ 7.90	\$ 500	2.15%	\$ 10.75
\$ 1,000	1.58%	\$ 15.80	\$ 1,000	2.15%	\$ 21.50
\$ 3,000	1.58%	\$ 47.40	\$ 3,000	2.15%	\$ 64.50
\$ 10,000	1.58%	\$ 158.00	\$ 10,000	2.15%	\$ 215.00
\$ 50,000	1.58%	\$ 790.00	\$ 50,000	2.15%	\$ 1,075.00

Calendar 2012			October 2012		
City Fee Revenue	VISA Credit Card Fee	Lost Revenue	City Fee Revenue	American Express Fee	Lost Revenue
\$ 3,493,981	1.58%	\$ 55,204.90	\$ 227,992.69	2.15%	\$ 4,901.84
			\$ 80,094.94	2.15%	\$ 1,722.04

2012			District	
North Davis Sewer District Impact Fees	Average Credit Card Fee	Credit Card Fees	Processing Allowance	City Loss
\$ 1,186,218	1.80%	\$ 21,351.92	\$ 6,280.00	\$ 15,071.92

# Credit Card Fee Analysis Recommendation

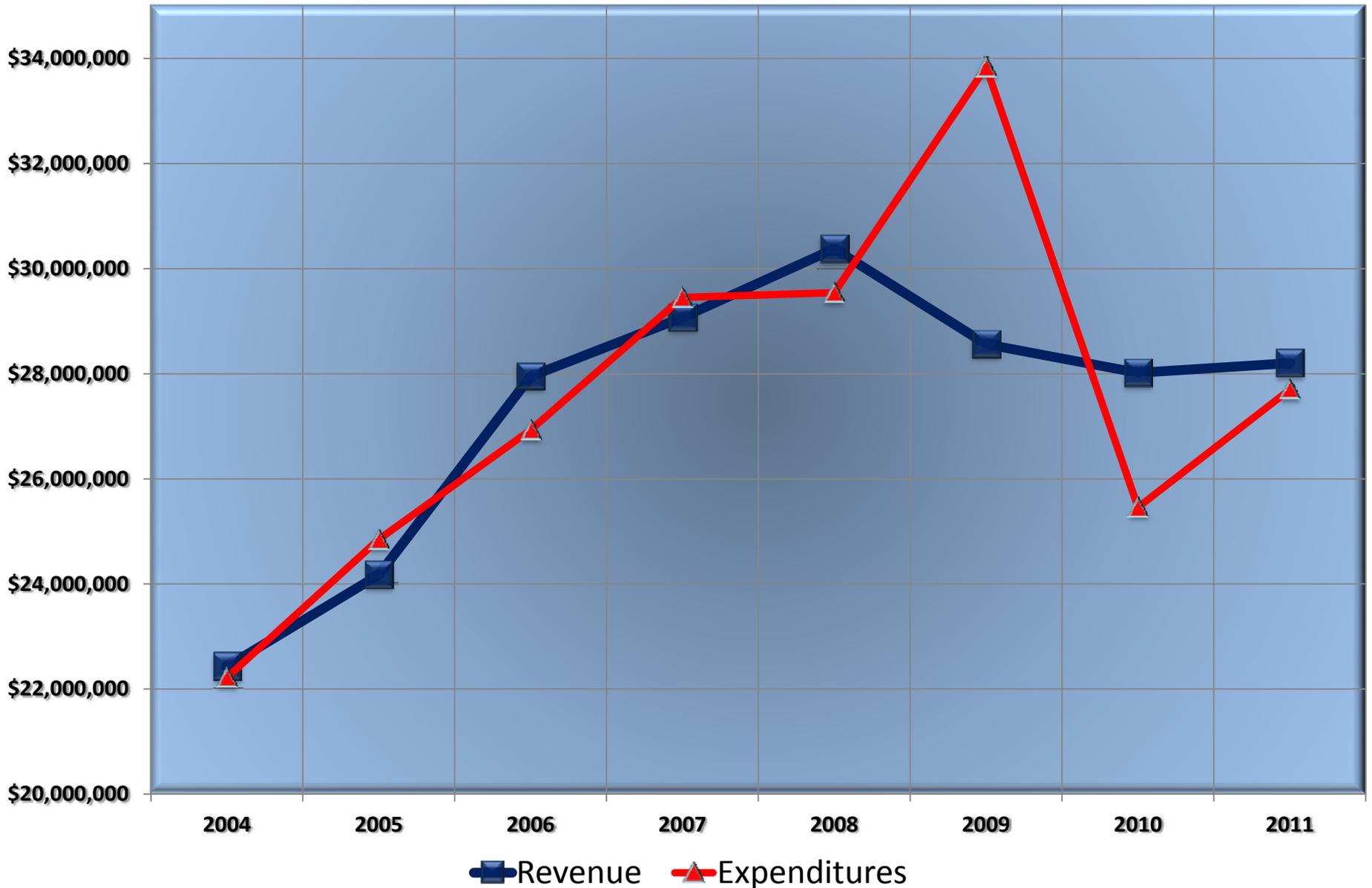
- **American Express** - Discontinue acceptance of American Express. AMEX has the highest fee and does not allow a surcharge. Our highest dollar value transactions are processed on AMEX.
- **Credit Card Surcharge** – Implement a surcharge for use of a “credit” card. A class action settlement last summer cleared the way for merchants to charge customers in order to recover the cost of accepting credit cards.
- **Surcharge threshold** - Only charge the surcharge on transactions over \$75 and not on internet transactions.

# PROJECTION

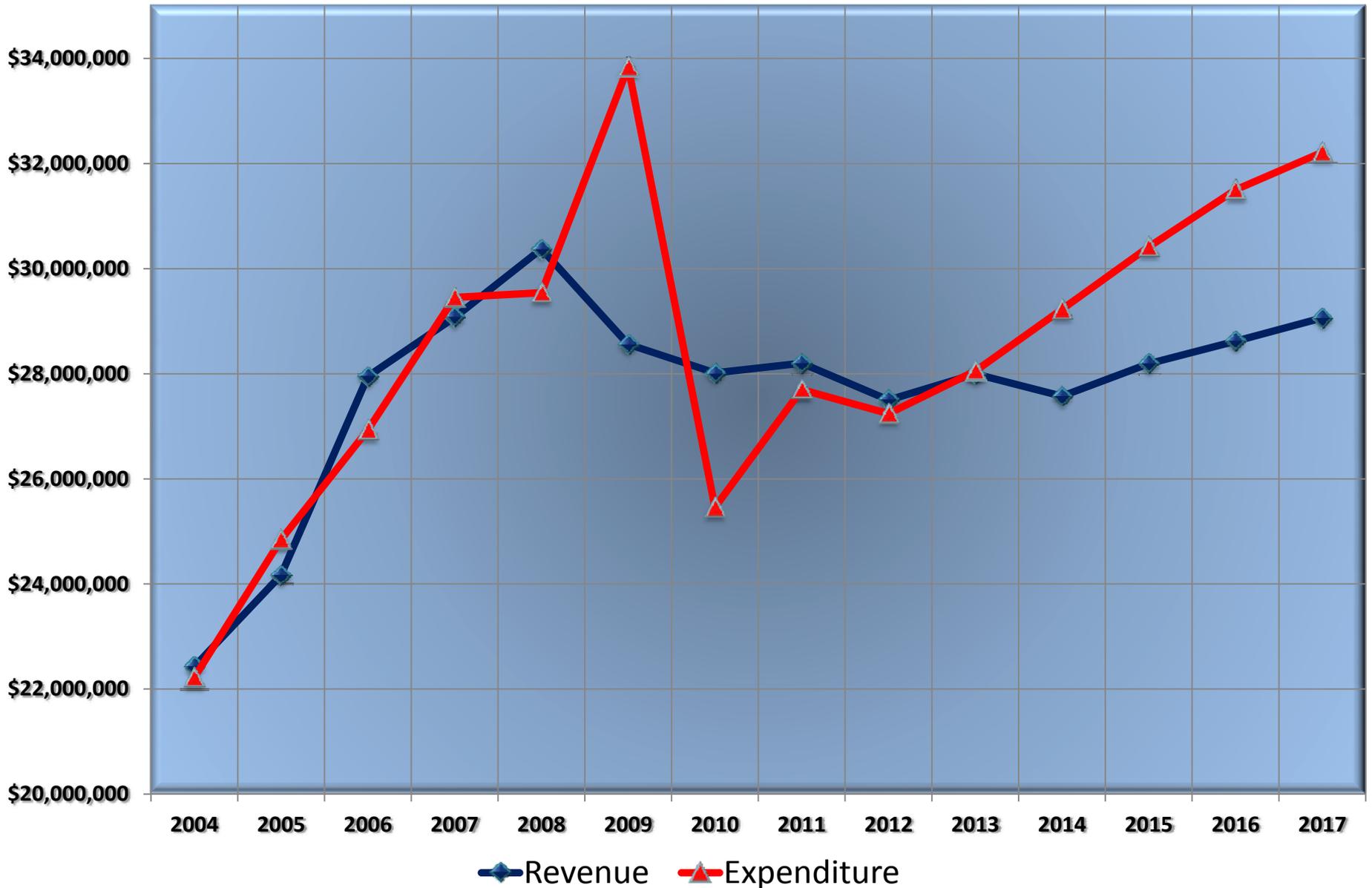
Historical and Current Course



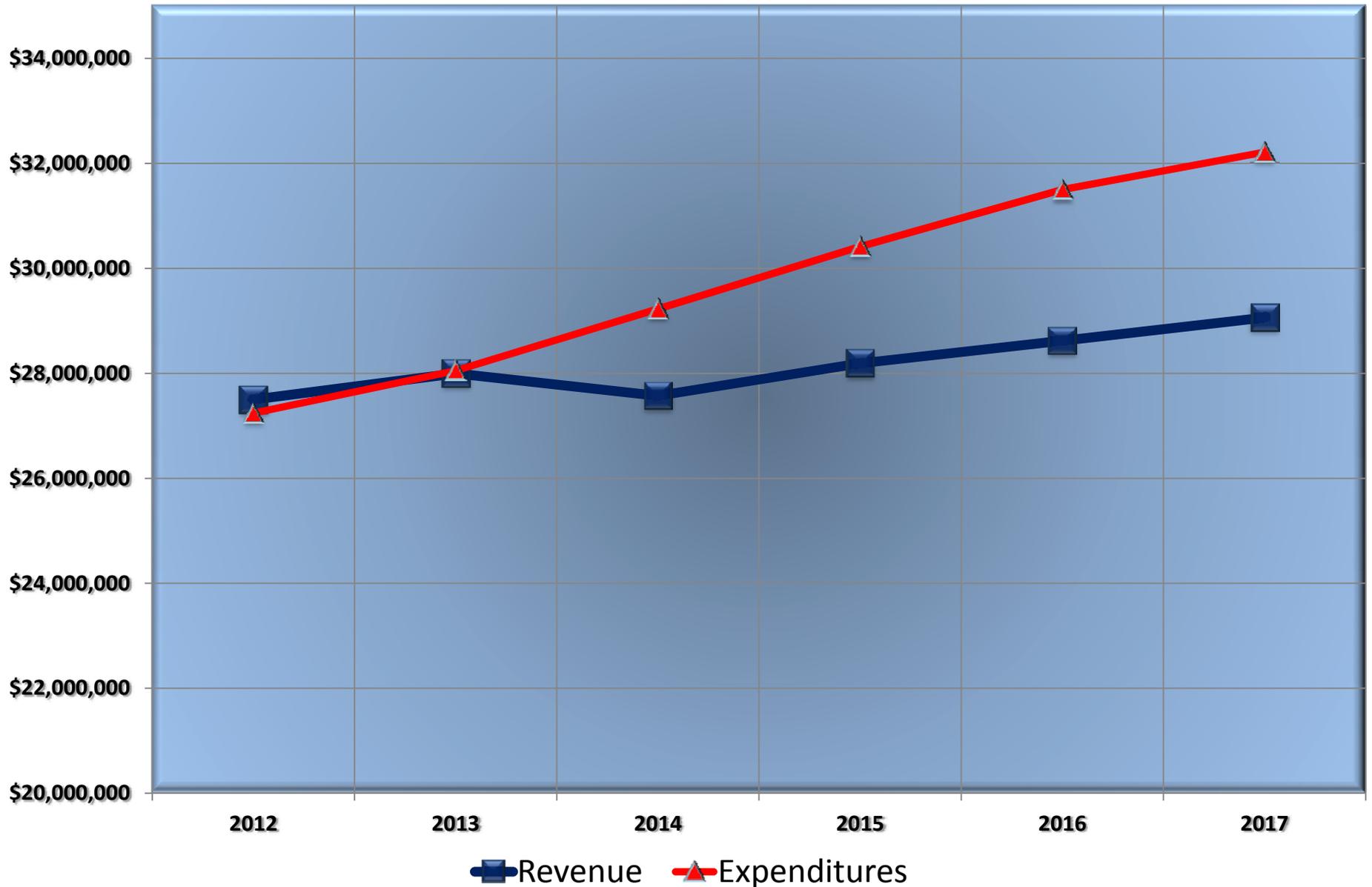
# Historical Results FY04-FY11



# Historical /Projection FY04-FY17



# Current Course FY14-FY17



# PROJECTION Scenarios



# CONSIDERATIONS



# Street Lighting Fee Analysis

## STREET LIGHTING FEE ANALYSIS

### General Fund Expenditure - FY 2014

Street light utilities - electricity	\$ 305,000
Street lights - CIP and maintenance	\$ 100,000
	<u>\$ 405,000</u>

### Proposed Projects

FY14	FY15	FY16	FY17
\$240,000	\$270,000	\$235,000	\$250,000

### Proposed Street Lighting Fee

Utility Customers	Monthly Rate	Monthly Revenue	Annual Revenue
19500	\$ 1.00	\$ 19,500	\$ 234,000
19500	\$ 1.50	\$ 29,250	\$ 351,000
19500	\$ 2.00	\$ 39,000	\$ 468,000

Salt lake City -	\$3.73 per utility customer
West Jordan City-	\$1.71 per utility customer
Sandy City -	\$5.00 per utility customer for 5 years
South Jordan City	Part of Property tax assessment

# Property Tax

Current Property Tax Rate - 2012	0.2084%
Tax on a residential property valued at \$250,000	\$287
Property Tax Revenue 2011 - 2012	\$6,382,520

## Estimated Revenue Change

Estimate for a 5 % increase	\$319,126
Estimate for a 10 % increase	\$638,252

## Estimated Tax Increase on Residential Property Valued at \$250,000

	Rate	Annual Increase	Monthly Increase
Estimate for a 5 % increase	0.2188%	\$14.33	\$1.19
Estimate for a 10 % increase	0.2292%	\$28.66	\$2.39

# Property Tax

<b>Property Tax Revenue</b>		<b>Annual Increase</b>	<b>Cummulative Increase</b>	<b>Total Revenue</b>
Estimate for a 5 % increase	Year 1	\$319,126	\$319,126	\$6,701,646
Estimate for a 5 % increase	Year 2	\$335,082	\$654,208	\$7,036,728
Estimate for a 5 % increase	Year 3	\$351,836	\$1,006,045	\$7,388,565
Estimate for a 5 % increase	Year 4	\$369,428	\$1,375,473	\$7,757,993
Estimate for a 5 % increase	Year 5	\$387,900	\$1,763,373	\$8,145,893
		<u>\$1,763,373</u>		

## Estimated Tax Increase on Residential Property Valued at \$250,000

	<b>Rate</b>	<b>Annual Increase</b>	<b>Monthly Increase</b>
Estimate for a 5 % increase	0.2188%	\$14.33	\$1.19

FYI



# Sewer District Rate Increases - FY14 - FY16

<u>Citizen bill</u>	<b>FY 13 Monthly Rates</b>	<b>Increase Monthly FY 14</b>	<b>FY 14 Monthly Rates</b>
Water	\$ 12.85	\$ -	\$ 12.85
Sewer	\$ 15.95	\$ 1.50	\$ 17.45
Storm	\$ 4.60	\$ -	\$ 4.60
Refuse - 1st can	\$ 10.70	\$ -	\$ 10.70
Refuse - 2nd can	\$ 8.10	\$ -	\$ 8.10
	<b>Monthly</b>		
	\$ 52.20	\$ 1.50	\$ 53.70
	<b>Bi-monthly</b>		
	\$ 104.40	\$ 3.00	\$ 107.40

## **Additional Revenue Pass-through to North Davis**

**Sewer District due to the rate increase \$478,800**

**Increase approved for FY15 \$ 1.50 per month**

**Increase approved for FY16 \$ 1.50 per month**